LINCOLN FOUNDATION

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2025 and 2024

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

LINCOLN FOUNDATION
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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Trustees
Lincoln Foundation
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of Lincoln Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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 Financial Statements* section of our report. We are required to be independent of Lincoln Foundation 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 financial statements are available to be issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Cherry Bekaert LLP

Louisville, Kentucky
May 5, 2026

LINCOLN FOUNDATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 439,082	$ 565,328
Grants and pledges receivable, net	80,000	175,000
Other receivables	135,737	120,179
Prepaid expenses	48,728	24,021
Cash restricted for long-term purposes	124,153	137,684
Investments	11,054,353	10,049,334
Investments - deferred compensation	115,602	87,399
Beneficial interest in charitable trust	116,118	107,744
Other assets	25,859	23,452
Property and equipment, net	1,898,337	1,967,259
Total Assets	$ 14,037,969	$ 13,257,400
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 29,558	$ 17,293
Accrued expenses	107,073	97,633
Unearned revenue	16,668	58,779
Long-term debt	410,465	436,042
Deferred compensation liability	109,859	94,618
Total Liabilities	673,623	704,365
Net Assets:		
Net assets without donor restrictions:		
Undesignated	3,591,026	3,614,126
Board designated, endowment	332,133	296,195
Board designated, other	115,602	87,399
Total Net Assets without Donor Restrictions	4,038,761	3,997,720
Net assets with donor restrictions:		
Restricted by purpose or time	5,691,097	4,929,201
Restricted in perpetuity	3,634,488	3,626,114
Total Net Assets with Donor Restrictions	9,325,585	8,555,315
Total Net Assets	13,364,346	12,553,035
Total Liabilities and Net Assets	$ 14,037,969	$ 13,257,400

The accompanying notes to the financial statements are an integral part of these statements.

LINCOLN FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:						
Contributions	$ 94,460	$ 44,966	$ 139,426	$ 180,543	$ 91,246	$ 271,789
Rental income	619,319	-	619,319	600,143	-	600,143
Grants	232,500	189,000	421,500	146,000	319,500	465,500
Program fees	1,845	-	1,845	4,022	-	4,022
In-kind contributions	-	62,281	62,281	-	56,521	56,521
Special events, net	62,450	-	62,450	59,978	-	59,978
Investment return, net	282,872	1,165,546	1,448,418	211,689	846,894	1,058,583
Change in fair value of investments held in trust by others	-	8,374	8,374	-	6,560	6,560
Net assets released from restrictions	699,897	(699,897)	-	788,484	(788,484)	-
Total Revenues, Gains, and Other Support	1,993,343	770,270	2,763,613	1,990,859	532,237	2,523,096
Expenses:						
Educational programs	1,446,194	-	1,446,194	1,467,396	-	1,467,396
Supporting services						
Management and general	302,604	-	302,604	278,912	-	278,912
Fundraising expenses	203,504	-	203,504	201,154	-	201,154
Total Expenses	1,952,302	-	1,952,302	1,947,462	-	1,947,462
Changes in net assets	41,041	770,270	811,311	43,397	532,237	575,634
Net assets, beginning of year	3,997,720	8,555,315	12,553,035	3,954,323	8,023,078	11,977,401
Net assets, end of year	$ 4,038,761	$ 9,325,585	$ 13,364,346	$ 3,997,720	$ 8,555,315	$ 12,553,035

The accompanying notes to the financial statements are an integral part of these statements.

LINCOLN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2024)

	Educational Programs	Management and General	Fundraising	2025 Total	2024 Total
Expenses:					
Advertising and marketing	$ 18,658	$ 22	$ 5,352	$ 24,032	$ 43,903
Bank and credit card fees	3,367	986	107	4,460	6,042
Banquets and receptions	9,109	-	-	9,109	23,773
Computer and technology	67,807	10,032	2,156	79,995	69,956
Depreciation	61,440	14,081	-	75,521	83,997
Dues and subscriptions	3,283	691	135	4,109	6,150
Educational programs	37,553	1,250	-	38,803	47,361
Field trips and transportation	380	-	-	380	2,820
Fundraising costs	-	-	862	862	2,775
Grants and scholarships	194,881	-	-	194,881	186,998
In-kind expense	62,281	-	-	62,281	56,521
Insurance	41,762	9,028	-	50,790	48,147
Interest expense	16,406	5,324	-	21,730	23,168
Miscellaneous expense	568	81	-	649	2,012
New hire expenses	390	-	-	390	252
Occupancy costs	37,703	8,246	42	45,991	42,725
Outside services	27,016	8,767	-	35,783	32,385
Program evaluations	14,175	-	-	14,175	17,325
Repairs and maintenance	22,960	4,680	-	27,640	37,041
Salaries and benefits	793,755	233,454	195,687	1,222,896	1,182,451
Supplies and postage	5,362	970	114	6,446	5,321
Telephone	13,914	3,551	-	17,465	16,264
Training and development	5,310	604	169	6,083	3,927
Travel and meals	8,114	837	42	8,993	8,059
	1,446,194	302,604	204,666	1,953,464	1,949,373
Less special event expense included in revenue	-	-	(1,162)	(1,162)	(1,911)
Total Expenses	$ 1,446,194	$ 302,604	$ 203,504	$ 1,952,302	$ 1,947,462

The accompanying notes to the financial statements are an integral part of these statements.

LINCOLN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Educational Programs	Management and General	Fundraising	Total
Expenses:				
Advertising and marketing	$ 33,746	$ 60	$ 10,097	$ 43,903
Bank and credit card fees	4,582	1,172	288	6,042
Banquets and receptions	23,773	-	-	23,773
Computer and technology	60,780	8,066	1,110	69,956
Depreciation	68,110	15,887	-	83,997
Dues and subscriptions	4,862	884	404	6,150
Educational programs	44,889	2,472	-	47,361
Field trips and transportation	2,820	-	-	2,820
Fundraising costs	-	-	2,775	2,775
Grants and scholarships	186,998	-	-	186,998
In-kind expense	56,521	-	-	56,521
Insurance	39,686	8,461	-	48,147
Interest expense	17,568	5,600	-	23,168
Miscellaneous expense	1,681	256	75	2,012
New hire expenses	252	-	-	252
Occupancy costs	34,889	7,807	29	42,725
Outside services	24,558	7,827	-	32,385
Program evaluations	17,325	-	-	17,325
Repairs and maintenance	31,651	5,390	-	37,041
Salaries and benefits	784,727	209,687	188,037	1,182,451
Supplies and postage	4,289	931	101	5,321
Telephone	13,028	3,236	-	16,264
Training and development	3,333	481	113	3,927
Travel and meals	7,328	695	36	8,059
	1,467,396	278,912	203,065	1,949,373
Less special event expense included in revenue	-	-	(1,911)	(1,911)
Total Expenses	$ 1,467,396	$ 278,912	$ 201,154	$ 1,947,462

The accompanying notes to the financial statements are an integral part of these statements.

LINCOLN FOUNDATION
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Changes in net assets	$ 811,311	$ 575,634
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Net realized and unrealized investment gains	(871,296)	(600,326)
Change in beneficial interest in charitable trust	(8,374)	(6,560)
Depreciation	75,521	83,997
Contributions restricted for endowment purposes	-	(34,248)
Changes in grants, pledges, and other receivables	79,442	(45,758)
Prepaid expenses	(24,707)	14,677
Other assets	(2,407)	(2,157)
Accounts payable and accrued expenses	21,705	20,754
Unearned revenue	(42,111)	48,229
Deferred compensation liability	15,241	14,006
Net cash flows from operating activities	54,325	68,248
Cash flows from investing activities:		
Change in investments, net	(161,926)	(140,567)
Purchases of property and equipment	(6,599)	(13,927)
Net cash flows from investing activities	(168,525)	(154,494)
Cash flows from financing activities:		
Payments on long-term debt	(25,577)	(29,409)
Proceeds from contributions restricted for endowment purposes	-	34,248
Net cash flows from financing activities	(25,577)	4,839
Change in cash, cash equivalents, and restricted cash	(139,777)	(81,407)
Cash, cash equivalents, and restricted cash, beginning of year	703,012	784,419
Cash, cash equivalents, and restricted cash, end of year	$ 563,235	$ 703,012
Supplemental disclosures of cash flow information:		
Interest paid	$ 21,730	$ 23,168
Statements of financial position and statements of cash flow cash, cash equivalents, and restricted cash reconciliation:		
Cash and cash equivalents	$ 439,082	$ 565,328
Cash restricted for long-term purposes	124,153	137,684
Total cash, cash equivalents, and restricted cash	$ 563,235	$ 703,012

The accompanying notes to the financial statements are an integral part of these statements.

Note 1—Nature of organization and operations

Lincoln Foundation (the "Foundation") has enabled disadvantaged youth to overcome adversity through education since its inception by Berea College over 100 years ago. After the Civil War, black and white students attended Berea College together. In the early 1900's, this desegregated educational environment was outlawed by the efforts of a Kentucky legislator named Carl Day. The Day Law, as it was named, required separate education for black and white students, therefore, outlawing the Berea model. In response to this unfortunate turn of events, the Berea College Board of Trustees established Lincoln Foundation in 1910 in Simpsonville, Kentucky (also known as Lincoln Ridge). The Trustees facilitated the purchase of a 444.4-acre parcel of land to be the site for a new school, named the Lincoln Institute in honor of President Abraham Lincoln.

Lincoln Foundation served as the fiscal agent for Lincoln Institute, a prominent boarding school for black students from 1912-1966. The Lincoln School, an integrated school for the gifted, was operated from 1966-1970. The Lincoln School closed in 1970 and in 1972 part of the campus was leased to the United States Department of Labor for the purpose of operating the Whitney M. Young, Jr. Job Corps Center. This vocational rehabilitation training center remains in operation and aligns with the historical legacy of the Lincoln Institute.

Today, Lincoln Foundation provides college preparatory and support programs for promising students from under-resourced households in the metro Louisville area. Students make a commitment to participate in Saturday morning and summer outside of school academic enrichment programs designed to enhance the in-school curriculum and strengthen college readiness. Emphasis is placed on closing the learning gap through student academic achievement irrespective of social or economic status leading to high school graduation and ultimately a college degree. The new College Transition Enrichment Program provides continued support, mentoring and coaching to Scholars through the four years of college. The goal of this new program is to help Scholars transition successfully for a successful freshman year in college and to matriculate towards earning a degree. Programming is also provided for parents and guardians to help them become better advocates for their students and assist in the college selection process. Lincoln Foundation serves over 400 students annually.

Recently, Lincoln Foundation realigned its academic programs as the new Whitney M. Young Leadership Initiative. The “Initiative” was created to provide support, mentoring, and guidance from 8th grade through college degree attainment. The programs offered under the “Initiative” include: The Whitney M. Young Scholars Program (WYSP), The College Transition Enrichment Program (CTEP), and the Future Leaders Intern Program (FLIP). WYSP provides outside-of-school college preparatory curricula for middle and high school students. CTEP offers counseling, mentoring, and support for college students and tracks progress towards earning a degree for up to six years. FLIP assists college juniors and seniors in finding degree and career-related internships and practicums with a secondary goal to retain talent for the local workforce. Lincoln Foundation’s programs are offered in collaboration with academic partners, including Bellarmine University, the University of Louisville, the University of Kentucky, and the Speed School of Engineering. In recent years, scholars who complete the program have earned, on average, over $200,000 in scholarships.

Note 2—Summary of significant accounting policies

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the sole source of authoritative U.S. GAAP.

Accounting Estimate – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Note 2—Summary of significant accounting policies (continued)

Subsequent Events – Subsequent events for the Foundation have been considered through May 5, 2026 which represents the date which the financial statements were available to be issued.

Revenue Recognition – The Foundation recognizes contributions when cash, securities, or other assets, or an unconditional promise to give is received. The Foundation recognizes rental income in accordance with the specific agreement.

The Foundation records special events revenue equal to the fair value of the direct benefits to donors, and contribution income for the excess received when the event takes place.

Donor-imposed Restrictions – The Foundation records and reports its assets, liabilities, net assets, revenues, gains and losses, and other support based on the existence or absence of donor-imposed restrictions. The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

> *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors. From time to time the Board of Directors designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.
>
> *Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents – The Foundation considers all short-term investments with original maturities of three months or less when purchased, that are not designated for a specific purpose, to be cash equivalents. The Foundation maintains balances with its bank in excess of federally insured limits. Cash held for restricted purposes represents contributions received from donors restricted for a specific use.

Grants and Pledges Receivable – Grants and pledges receivable represent commitments from individuals and local organizations for educational program support and endowments. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using the risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. No allowance for uncollectible pledges or grants has been included as management considers all amounts collectible.

Note 2—Summary of significant accounting policies (continued)

Investments – Investments in marketable securities are recorded at fair value. 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. Net realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets. Receipt of donated investments is recorded at the quoted market value of the investment at the time of donation. Investment fees are netted with investment income in the statements of activities. These fees totaled $50,667 and $48,557 for the years ended December 31, 2025 and 2024, respectively.

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Foundation.

Other Assets – The Foundation elected, effective January 1, 2007, the option to finance unemployment insurance by reimbursing the state of Kentucky for benefits paid instead of paying unemployment insurance tax. The Foundation is a member of First Nonprofit and participates in an unemployment savings program. As such, the Foundation makes required periodic contributions to the savings program, which are held in a custodial account.

Property and Equipment – Assets acquired are stated at cost, or in the case of donated assets, at fair value on the date of donation. Depreciation is computed using primarily the straight-line method based on the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the lease term or their estimated useful life. Depreciation expense was $75,521 and $83,997 for the years ended December 31, 2025 and 2024, respectively. The Foundation capitalizes property and equipment with a value of $1,000 or greater. Lesser amounts are expensed.

Unearned Revenue – Unearned revenue primarily represents rental income received in advance.

Income Taxes – The Foundation is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Foundation recognizes uncertain income tax positions using the more likely than not approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

In-kind Contributions – The Foundation receives donated goods and services primarily in connection with partnering colleges and universities for Summer Institutes including room, board, teachers, and activities for Whitney M. Young Scholars Program as well as classroom space from local colleges and universities for the Educational Clinics during the school year. The summer Digital Transformation Academy receive classroom space from the University of Louisville. Digital Transformation Academy receives in-kind donations from the University of Louisville for professors who teach the classes and local corporations for the students to visit their companies on field trips. The amount of donated goods and services is recorded as revenue with the same amount included in expenses.

Note 2—Summary of significant accounting policies (continued)

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on time and effort, usage, or square footage. Accordingly, certain costs have been allocated among program and supporting services benefited, with the most significant cost being salaries and benefits and depreciation.

Advertising Cost – Advertising cost are expensed as incurred. These expenses amounted to $24,032 and $43,903 for the years ended December 31, 2025 and 2024, respectively.

Note 3—Liquidity and availability of resources

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation's financial assets available within one year of the statements of financial position date for general expenditures, liabilities, and other obligations as of December 31 are as follows:

	2025	2024
Cash and cash equivalents	$ 439,082	$ 565,328
Cash restricted for long-term purposes	124,153	137,684
Grants and pledges receivable, net	80,000	175,000
Other receivables	135,737	120,179
Investments	11,054,353	10,049,334
Investments - deferred compensation	115,602	87,399
Beneficial interest in charitable trust	116,118	107,744
Total financial assets	12,065,045	11,242,668
Less board designated reserves	(447,735)	(383,594)
Less amounts not available to be used within one year due to:		
Restricted by purpose or time	(5,691,097)	(4,929,201)
Restricted in perpetuity	(3,634,488)	(3,626,114)
Add endowment fund appropriations for following year	110,000	110,000
Total financial assets available to meet cash needs for general expenditures within one year	$ 2,401,725	$ 2,413,759

Note 4—Grants and pledges receivable

Grants and pledges receivable at December 31 include the following:

	2025	2024
Total gross grants and pledges receivable:		
Endowment	$ -	$ -
Operating	80,000	175,000
	$ 80,000	$ 175,000

Gross pledges and grants receivable at December 31 are due according to the following schedule:

	2025	2024
Less than one year	$ 80,000	$ 175,000
1 to 5 years	-	-
	$ 80,000	$ 175,000

Note 5—Beneficial interest in charitable trust

The Foundation is a beneficiary of a perpetual trust in memory of Charles Haggard in appreciation of what the Foundation meant to him in his lifetime. The investments within the trust are recorded on the Foundation's financial statements at fair value. These investments are permanently restricted assets subject to the restriction of the donor with principal and any gains or losses invested in perpetuity and only the income to be distributed to the Foundation based on the Foundation's interest in the trust.

Under the Charles Haggard Trust, the Foundation receives 25% of the annual income of the trust. The Foundation records its beneficial interest in this trust at the present value of the estimated future cash flows which approximates 25% of the fair value of the trust. Distributions from the trust totaled $4,326 and $3,927 for the years ended December 31, 2025 and 2024, respectively.

Note 6—Fair value measurements

FASB ASC defines fair value, provides a framework for measuring fair value, and expands disclosures required for fair value measurements. FASB ASC also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest to lowest priority are described below:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date 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.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Foundation's own assumptions.

Note 6—Fair value measurements (continued)

Following are descriptions of the valuation methodologies for assets measured at fair value:

Money Market Fund – Valued using cost which approximates fair value.

Mutual Funds and Exchange Traded Funds – Valued at the closing price reported on the active market in which the individual security is traded.

Beneficial Interest in Charitable Trust – The underlying assets of the fund are valued at the closing price reported on the active market on which the individual securities are traded. The fund is valued at the fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2025 and 2024.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31:

	Investments at Fair Value as of December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market fund	$ 572,995	$ -	$ -	$ 572,995
Mutual funds/exchange traded funds	10,596,960	-	-	10,596,960
	$ 11,169,955	$ -	$ -	$ 11,169,955

	Other Assets at Fair Value as of December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in charitable trust	$ -	$ -	$ 116,118	$ 116,118

	Investments at Fair Value as of December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market fund	$ 511,478	$ -	$ -	$ 511,478
Mutual funds/exchange traded funds	9,625,255	-	-	9,625,255
	$ 10,136,733	$ -	$ -	$ 10,136,733

	Other Assets at Fair Value as of December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in charitable trust	$ -	$ -	$ 107,744	$ 107,744

Note 6—Fair value measurements (continued)

The following table reconciles the beginning and ending balances of financial assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended December 31:

	2025	2024
Beneficial interest in charitable trust:		
Beginning blanace	$ 107,744	$ 101,184
Change in value	8,374	6,560
Ending balance	$ 116,118	$ 107,744

Note 7—Property and equipment

Property and equipment consist of the following at December 31:

	2025	2024
Land and improvements *	$ 821,332	$ 821,332
Buildings and improvements	3,140,196	3,133,597
Office equipment	168,491	168,491
Computers, software, and telephone	124,499	124,499
	4,254,518	4,247,919
Less accumulated depreciation	2,356,181	2,280,660
	$ 1,898,337	$ 1,967,259

* Included in land and improvements noted above is a 408-acre parcel of land owned by the Foundation located in Simpsonville Kentucky. This parcel of land was originally 444.4 acres but was reduced to 408.4 acres due to eminent domain from the construction of Interstate 64. The campus ownership was deeded to the Commonwealth of Kentucky in 1946 and title transferred back to Lincoln Foundation in 1972. Consistent with the Foundation's accounting policy (as described in Note 2), this parcel of land is valued at fair value at the time of the donation which was $256,639. It is the Foundation's understanding that the current fair value is significantly greater than the amount reflected in the financial statements.

Note 8—Debt

The Foundation has a note payable of $548,500 for the purpose of refinancing existing debt with an original maturity of June 2024. In June 2022, the note was refinanced with monthly installment payments of $3,942 including interest at 5.05%, with a balloon payment of $212,220 due June 2032. The note payable is secured by liens on real estate. The note payable has an outstanding balance at December 31, 2025 and 2024 of $410,465 and $436,042, respectively.

The Foundation financed a new roof for the Bishop Lane property in the amount of $30,000. The interest rate on the note is based on the Wall Street Prime Rate with a floor of 3% and interest only payments due monthly with a balloon payment at maturity on October 7, 2024. The debt is secured by liens on real estate. The note was paid off during 2024.

Note 8—Debt (continued)

Expected maturities of the note payable are as follows:

Years Ending December 31,	Amounts
2026	$ 27,271
2027	28,680
2028	30,163
2029	31,722
2030	33,361
Thereafter	259,268
	$ 410,465

Note 9—Endowment funds

The Foundation's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor restricted funds and a fund designated by the board of trustees to function as an endowment. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies net assets restricted in perpetuity as the original value of gifts donated to the endowment and accumulations to the 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 that is not classified as restricted in perpetuity is classified as restricted by purpose or time until appropriated for expenditure by the Foundation. The Foundation considers the fund to be underwater if the fair value of the fund is less than the sum of: (a) the original value of the 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.

Changes in the endowment net assets for the years ended December 31 are as follows:

	December 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 296,195	$ 8,379,209	$ 8,675,404
Investment return, net	42,537	1,172,458	1,214,995
Contributions	-	-	-
Appropriation for expenditures	(6,599)	(316,650)	(323,249)
Endowment net assets, end of year	$ 332,133	$ 9,235,017	$ 9,567,150

	December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 266,370	$ 7,703,010	$ 7,969,380
Investment return, net	29,825	852,040	881,865
Contributions	-	45,663	45,663
Appropriation for expenditures	-	(221,504)	(221,504)
Endowment net assets, end of year	$ 296,195	$ 8,379,209	$ 8,675,404

Note 9—Endowment funds (continued)

The investment objectives of the endowment funds are: (1) to assure a relatively stable and predictable earnings stream to meet the spending policy, which will, over time, increase at a rate that keeps pace with inflation, and (2) to optimize investment returns such that the total returns (income plus appreciation in market value) equals or exceeds the blended or balanced index, which mirrors the allocation of the portfolio. This objective is measured quarterly over one, three, and five-year periods, with the goal to meet or exceed the benchmark over a multi-year period.

To achieve its investment objective, the Foundation's endowment funds are allocated among several asset classes. These asset classes may include domestic equity, international equity, fixed income securities, and cash/short-term.

The Foundation uses a total return approach in calculating distributions. The total return ranges from 3% to 7% of the unrestricted endowment balance at the discretion of the Finance Committee. New investment distributions are recalculated on a quarterly basis. The Foundation uses a rolling three-year average of the 12 previous quarterly market values.

The Charles Haggard Trust is held and administered by an independent trustee (see Note 5). The investment and distribution policies for this trust are determined by the independent trustee, not the Foundation.

The Foundation had no borrowings from the Endowment Fund at December 31, 2025 or 2024.

Note 10—Net assets restricted by purpose or time

Net assets restricted by purpose or time at December 31 are available for the following:

	2025	2024
J. Graham Brown Foundation Challenge Endowment and Foundation's Match	$ 3,915,840	$ 3,527,924
Whitney M. Young Scholars Program Endowment	1,151,148	793,088
Mae Street Kidd Scholarship Endowment	257,508	226,393
Whitney M. Young Scholars Program	80,000	165,000
Whitney M. Young, Jr. Memorial House	158,871	140,439
Dr. Samuel Robinson Scholarship Endowment	111,122	62,979
Angie V. McDonald Scholarship Fund	3,598	5,020
John Baxter Hitt	6,970	6,086
Eckstein Norton Scholarships	6,040	2,272
	$ 5,691,097	$ 4,929,201

Note 10—Net assets restricted by purpose or time (continued)

The J. Graham Brown Foundation Challenge Endowment and the Foundation's match of the Brown Challenge are restricted for scholarships and education programs. The J. Graham Brown Foundation Challenge Endowment of $500,000 and the Foundation's match of the Brown Challenge of $500,000 were received in 1995. The original $1,000,000 is restricted and has earned $3,915,840 over the years, net of approximately $1,714,367 in scholarships, which have been paid to students from this endowment. The Whitney M. Young Scholars Program® is restricted for education programs for grades 8-12. The Whitney M. Young Memorial House endowment is for the maintenance and upkeep of the Whitney M. Young, Jr. Birthplace which is a National Historic Landmark. The Whitney M. Young Scholars Program Endowment is to sustain the signature educational program of Lincoln Foundation. The Dr. Samuel Robinson Scholarship Endowment is restricted for scholarships to be paid to students from this endowment. The Mae Street Kidd Scholarship Endowment, the Angie V. McDonald Scholarship Fund, and the John Baxter Hitt Fund are restricted for scholarships and education programs. The administrative restriction is primarily restricted for the purchase of computers for the Foundation.

Note 11—Net assets restricted in perpetuity

Net assets restricted in perpetuity at December 31 represent the following:

	2025	2024
Whitney M. Young Scholars Program Endowment	$ 1,955,069	$ 1,955,069
J. Graham Brown Foundation Challenge Endowment	500,000	500,000
Foundation's Match of Brown Challenge	500,000	500,000
Dr. Samuel Robinson Scholarship Endowment	268,359	268,359
Beneficial Interest in Charitable Trust	116,118	107,744
Whitney M. Young Memorial Endowment	100,000	100,000
Mae Street Kidd Scholarship Endowment	76,600	76,600
Eckstein Norton Scholarships	118,342	118,342
	$ 3,634,488	$ 3,626,114

Net investment income, as well as realized and unrealized gains and losses, attributable to the Whitney M. Young Scholars Program Endowment are restricted by purpose for the advancement of the Whitney M. Young Scholars Program. Net investment income, as well as realized and unrealized gains and losses, attributable to the Dr. Samuel Robinson Scholarship Endowment are restricted for a scholarship fund named in the honor of Dr. Samuel Robinson, President Emeritus. Net investment income, as well as realized and unrealized gains and losses, attributable to the J. Graham Brown Foundation Challenge Endowment, the Foundation's match of the Brown Challenge, and Mae Street Kidd Scholarship Endowment are restricted for scholarships and education. Net investment income, including realized and unrealized gains and losses, attributable to the Whitney M. Young Memorial Endowment are restricted for the maintenance and upkeep of the birthplace of Whitney M. Young, Jr. Birthplace. Distributions of income related to the Foundation's Beneficial Interest in Charitable Trust are available for operations.

Note 12—Concentrations

Approximately 27% of the Foundation’s contributions were from two donors in 2025. Approximately 100% of the Foundation's grants and pledges receivable at December 31, 2025 are from two donors.

Approximately 25% of the Foundation’s contributions were from two donors in 2024. Approximately 94% of the Foundation's grants and pledges receivable at December 31, 2024 are from three donors.

Note 13—Retirement plan

A Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA) is available to all regular, full-time employees. Eligible employees may contribute up to the maximum allowed by the Internal Revenue Service. The Foundation will match employee contributions up to 3% of eligible compensation. The Foundation's matching contributions for the years ended December 31, 2025 and 2024 were $25,459 and $23,503, respectively.

Note 14—Deferred compensation plans

The Foundation has non-qualified tax deferred compensation plans for selected key employees. The contributions from the Foundation total $16,000 and $15,000, respectively, in 2025 and 2024. Amounts related to the non-qualified, tax deferred compensation plans are carried at fair value and are included in investments and deferred compensation liability on the statements of financial position.

The Foundation has designated $115,602 of unrestricted net assets to fund these payments.

Note 15—Rental income

The following property is being leased from the Foundation as indicated:

Whitney M. Young, Jr. Job Corps Center Campus – On January 1, 1985, the Foundation entered into a lease with the United States Department of Labor for a portion of the Lincoln Institute property located in Simpsonville, Kentucky. On February 12, 2003, a new lease was signed, retroactive to January 1, 2001, for the use of 54.4 acres with a one-year term and an automatic renewal for 49 years. Over the life of the lease, increases in the annual lease payments are based upon the change in the Consumer Price Index ("CPI"). In addition to the annual CPI increase, there is a lease provision for the rental income to be renegotiated every five years based on appraised fair market rent for the leased premises. A renegotiated rental increase was entered into effective January 1, 2012, which increased the basic rent per annum from the original lease of $323,000 to $350,000. During the years ended December 31, 2025 and 2024, $553,329 and $536,691, respectively, was received in annual rental income. The lease was renewed by the Department of Labor for 2026.

Penrod Land Rental Income – In December 1994, the Foundation signed an agreement with a lumber company to lease six acres of land at an annual rental of $5,750. The amount of the rent increases every five years based upon the Chicago CPI. This lease is for land used by Penrod for lumber storage. In 2009, the lease was amended to reflect an additional 1.4 acres that Penrod had encroached upon since 2005. Prior to the expiration of the agreement in 2019, Penrod renewed the lease for an additional five-year term ending November 2024. In November 2024, the lease was renewed for an additional five-year term ending November 2029. Annual rental income received was $13,820 and $11,702 for each of the years ended December 31, 2025 and 2024, respectively.

AT&T Land Rental Income – In 2012, the Foundation renewed a five-year renewable agreement with a phone company to lease approximately 6,400 square feet of land, together with a right of way for access to the parcel, at an annual rental of $7,935. The agreement may be renewed for one additional five-year term, and thereafter on an annual basis. In January of 2020, the lease was amended adding ten five-year renewable terms at an annual rent of $24,000 which commenced on August 1, 2020. The amount of rent increases by three percent annually. Upon expiration of the renewable terms, the agreement automatically renews on an annual basis. The amounts received in 2025 and 2024 were $28,170 and $27,350, respectively. This lease is for land used by AT&T for a communications tower.

Note 15—Rental income (continued)

Agricultural Rental Income – In February 2009, the Foundation signed a three-year agreement with a farmer to lease 200 acres of land for single cropped fields and 25 acres of land for double cropped fields. During 2015, the lease was renewed for 190.50 acres, single cropped, for an additional five years at $28,575 per annum for single cropped fields. The last year of the lease was renegotiated to $20,000 per annum. During 2019, the lease was renewed for 160.29 acres, singled cropped, for an additional five years at $22,000 per annum for single cropped fields. The lease includes a two-year option from 2024 to 2026 at $25,600 per annum. During 2025 the Foundation terminated this lease. During both the years ended December 31, 2025 and 2024, $0 and $24,400, respectively, was received in rental income.

In March 2025, the Foundation entered into a five-year agreement with a farmer to lease 170 acres for use as agriculture and related purposes. Rental income received on this agreement was $24,000 for the year ended December 31, 2025.

Minimum future rental income on these leases as of December 31, 2025 is as follows:

Years Ending December 31,	Amount
2026	$ 59,437
2027	44,420
2028	44,420
2029	44,420
	$ 192,697

Note 16—Special events

Revenues and expenses for fundraising events during the years ended December 31 were as follows:

	2025	2024
Give for good:		
Revenues	$ 63,612	$ 61,889
Expenses	(1,162)	(1,911)
	$ 62,450	$ 59,978

Note 17—In-kind contributions

Donated services, supplies, and property are shown as gifts, valued at their estimated fair value at the date of receipt. Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation. A number of volunteers have given significant amounts of their time for the operations of the Foundation throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Note 17—In-kind contributions (continued)

The Foundation received the following contributions of nonfinancial assets as of December 31:

	2025	2024
Facilities use	$ 40,391	$ 36,636
Services, programs, and instructors	11,328	8,063
Meals and food, travel	3,589	5,931
Supplies	6,670	2,474
Other	303	3,417
	$ 62,281	$ 56,521

The Foundation receives a variety of donated goods and services related to the support of the Foundation's mission. Facilities use and services are valued at the cost the facility use or service would have cost the Foundation if they had paid for it. Materials, supplies, and other are valued at the cost the donor paid for the items, for new items, and an estimated fair value for used items. There were no donor-imposed restrictions associated with donated goods.

Note 18—Educational programs

The Foundation's educational programs' expenses for the years ended December 31 are as follows:

	2025	2024
Whitney M. Young Scholars Program	$ 1,157,621	$ 1,242,530
Digital Transformation Academy	70,414	62,151
Math & Science Program	-	29,417
Educational Opportunity Scholarship	198,465	122,818
College Enrichment Transition Program	19,694	10,480
	$ 1,446,194	$ 1,467,396

Note 19—Asset retirement obligation

ASC requires that an asset retirement obligation ("ARO") associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The Foundation's conditional AROs primarily relate to asbestos contained in buildings that the Foundation owns on the Whitney M. Young, Jr. Job Corps Center campus. Environmental regulations exist that require the Foundation to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished.

No liability has been recorded in relation to the AROs because the fair value cannot be reasonably determined. Much of the asbestos in the Foundation's facilities has been removed but absent any plans to do major renovation to or demolish the facilities there is an indeterminate settlement date for the asset retirement obligation because the range of time over which the Foundation may settle the obligation is unknown or cannot be estimated.