

VICTORIA COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

**YEARS ENDED
AUGUST 31, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Victoria College Foundation, Inc.
Victoria, Texas

Opinion

We have audited the accompanying financial statements of Victoria College Foundation, Inc. (a nonprofit Foundation), which comprise the statements of financial position as of August 31, 2025 and 2024 and the related statements of activities, 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 Victoria College Foundation, Inc. as of August 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 Our 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Victoria College Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Victoria College Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 Victoria College Foundation, Inc.'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 Victoria College Foundation, Inc.'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.

Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants

November 5, 2025

VICTORIA COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and Cash Equivalents	\$ 7,157,573	\$ 8,991,151
Pledges Receivable	309,885	426,701
Accounts Receivable	7,789	7,789
Other Current Assets	19,803	16,324
Total Current Assets	<u>7,495,050</u>	<u>9,441,965</u>
Noncurrent Assets:		
Restricted Cash - Endowment Money Market Funds	514,020	34,046
Endowment Investments	16,247,494	15,369,762
Total Noncurrent Assets	<u>16,761,514</u>	<u>15,403,808</u>
Total Assets	<u>\$ 24,256,564</u>	<u>\$ 24,845,773</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ -0-	\$ 510
Due to Victoria College	31,143	4,849
Total Liabilities	<u>31,143</u>	<u>5,359</u>
Net Assets:		
Without Donor Restrictions	382,435	210,386
With Donor Restrictions	23,842,986	24,630,028
Total Net Assets	<u>24,225,421</u>	<u>24,840,414</u>
Total Liabilities and Net Assets	<u>\$ 24,256,564</u>	<u>\$ 24,845,773</u>

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

VICTORIA COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and Contributions	\$ 28,948	\$ 3,611,995	\$ 3,640,943
In-Kind Donations	324,259	-0-	324,259
Investment Return, Net	127,313	1,977,378	2,104,691
Net Assets Released from Restrictions	<u>6,376,415</u>	<u>(6,376,415)</u>	<u>-0-</u>
Total Support and Revenue	<u>6,856,935</u>	<u>(787,042)</u>	<u>6,069,893</u>
Expenses:			
Program Services	6,364,141	-0-	6,364,141
Supporting Services:			
Management and General	42,520	-0-	42,520
Fundraising	<u>278,225</u>	<u>-0-</u>	<u>278,225</u>
Total Expenses	<u>6,684,886</u>	<u>-0-</u>	<u>6,684,886</u>
Increase (Decrease) in Net Assets	172,049	(787,042)	(614,993)
Net Assets, Beginning of Year	<u>210,386</u>	<u>24,630,028</u>	<u>24,840,414</u>
Net Assets, End of Year	<u><u>\$ 382,435</u></u>	<u><u>\$ 23,842,986</u></u>	<u><u>\$ 24,225,421</u></u>

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

VICTORIA COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and Contributions	\$ 34,387	\$ 2,421,148	\$ 2,455,535
In-Kind Donations	319,724	-0-	319,724
Investment Return, Net	74,736	2,324,526	2,399,262
Net Assets Released from Restrictions	<u>2,528,673</u>	<u>(2,528,673)</u>	<u>-0-</u>
 Total Support and Revenue	 <u>2,957,520</u>	 <u>2,217,001</u>	 <u>5,174,521</u>
 Expenses:			
Program Services	2,510,685	-0-	2,510,685
Supporting Services:			
Management and General	45,765	-0-	45,765
Fundraising	<u>275,096</u>	<u>-0-</u>	<u>275,096</u>
 Total Expenses	 <u>2,831,546</u>	 <u>-0-</u>	 <u>2,831,546</u>
 Increase in Net Assets	 125,974	 2,217,001	 2,342,975
 Net Assets, Beginning of Year	 <u>84,412</u>	 <u>22,413,027</u>	 <u>22,497,439</u>
 Net Assets, End of Year	 <u><u>\$ 210,386</u></u>	 <u><u>\$ 24,630,028</u></u>	 <u><u>\$ 24,840,414</u></u>

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

VICTORIA COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2025

	Program Services	Management and General	Fundraising	Total
Accounting and Legal	\$ -0-	\$ 11,400	\$ -0-	\$ 11,400
Bad Debt Expense	-0-	475	-0-	475
Grants	5,527,385	-0-	-0-	5,527,385
Insurance	-0-	1,093	9,838	10,931
Miscellaneous	3,743	-0-	-0-	3,743
Postage and Printing	571	571	4,569	5,711
Institutional Memberships	-0-	187	1,685	1,872
Rent	267	267	2,133	2,667
Salaries	27,607	27,607	220,852	276,066
Scholarships	804,568	-0-	-0-	804,568
Subscriptions	-0-	495	4,453	4,948
Supplies	-0-	66	6,553	6,619
Public Relations	-0-	-0-	24,906	24,906
Travel	-0-	359	3,236	3,595
Total Functional Expenses	<u>\$ 6,364,141</u>	<u>\$ 42,520</u>	<u>\$ 278,225</u>	<u>\$ 6,684,886</u>

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

VICTORIA COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2024

	Program Services	Management and General	Fundraising	Total
Accounting and Legal	\$ -0-	\$ 11,400	\$ -0-	\$ 11,400
Bad Debt Expense	-0-	3,210	-0-	3,210
Grants	1,494,171	-0-	-0-	1,494,171
Institutional Memberships	-0-	199	1,787	1,986
Insurance	-0-	1,518	13,662	15,180
Miscellaneous	5,099	-0-	-0-	5,099
Postage and Printing	497	497	3,978	4,972
Public Relations	-0-	-0-	12,675	12,675
Rent	261	261	2,085	2,607
Salaries	27,746	27,746	221,972	277,464
Scholarships	982,911	-0-	-0-	982,911
Subscriptions	-0-	445	4,005	4,450
Supplies	-0-	117	11,585	11,702
Travel	-0-	372	3,347	3,719
Total Functional Expenses	<u>\$ 2,510,685</u>	<u>\$ 45,765</u>	<u>\$ 275,096</u>	<u>\$ 2,831,546</u>

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

VICTORIA COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in Net Assets	\$ (614,993)	\$ 2,342,975
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Realized/Unrealized Gains on Investments	(1,570,819)	(1,729,193)
(Increase) Decrease in Assets		
Pledges Receivable	116,816	296,897
Accounts Receivable	-0-	4,510
Other Current Assets	(3,479)	2,216
Increase (Decrease) in Liabilities		
Accounts Payable	(510)	510
Due to Victoria College	<u>26,294</u>	<u>(63,550)</u>
Net Cash Provided (Used) by Operating Activities	<u>(2,046,691)</u>	<u>854,365</u>
Cash Flows from Investing Activities:		
Transfer of Restricted Contributions to the Endowment Fund	(197,129)	(172,415)
Purchases of Investments	(5,551,974)	(24,505,738)
Sales of Investments	<u>6,245,061</u>	<u>24,440,802</u>
Net Cash Provided (Used) by Investing Activities	<u>495,958</u>	<u>(237,351)</u>
Cash Flows from Financing Activities:		
Contributions Received for the Endowment Fund	<u>197,129</u>	<u>172,415</u>
Net Cash Provided by Financing Activities	<u>197,129</u>	<u>172,415</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,353,604)	789,429
Cash and Cash Equivalents, Beginning of Year	<u>9,025,197</u>	<u>8,235,768</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,671,593</u>	<u>\$ 9,025,197</u>
Supplemental Disclosures for Cash Flows:		
Cash and Cash Equivalents	\$ 7,157,573	\$ 8,991,151
Restricted Cash - Endowment Money Market Funds	<u>514,020</u>	<u>34,046</u>
Total Cash and Cash Equivalents	<u>\$ 7,671,593</u>	<u>\$ 9,025,197</u>

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

VICTORIA COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Note 1: Nature of Activities

The Victoria College Foundation, Inc. (the “Foundation”) is a nonprofit corporation organized and operated to solicit and receive donations, gifts and grants of money and property, and to administer the same and expend funds on charitable or non-profit basis on behalf of the Victoria County Junior College District (the “College”), its departments, facilities, and activities. The primary function of the Foundation is to fund programs of the College. The Foundation’s support comes primarily from individual donors’ contributions.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting -- The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses related to the revenues are recorded upon completion of the event to which they are applicable regardless of the timing of the related cash flows.

Basis of Financial Statement Presentation -- The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are 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. Board-designated net assets are net assets without donor restrictions that are self-imposed limits by the action of the governing Board.

Net assets with donor restrictions are 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 Board 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 Statement of Activities.

The Financial Accounting Standards Board has issued reporting standards for endowments of not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

VICTORIA COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents -- The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments -- Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Receivables -- Management periodically reviews accounts receivable to determine collectability. All receivables are considered to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

Contributions -- Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are received by the donor for future periods or a specific purpose are reported as increases in net assets with donor restrictions or without donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their fair value. Unconditional promises to give that are expected to be collected after one year or more are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included as contribution revenue. Conditional promises to give are recognized at fair value, but not included as support until such time as the conditions are substantially met.

Allocation of Expenses -- The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or supporting service are allocated directly. Certain other costs have been allocated among the programs and supporting services benefited based on estimates of time and effort.

Income Taxes -- The Foundation is a nonprofit corporation exempt from federal income tax under Internal Revenue Code section 501(c)(3). Accordingly, no provision for income tax expense has been included in the accompanying financial statements. In addition, it has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a). There was no unrelated business taxable income for the years ended August 31, 2025 or 2024. During the year ended August 31, 2022, the Foundation was classified by the Internal Revenue Service as a Type 1 supporting organization. The Foundation is generally no longer subject to examination by the Internal Revenue Service for tax years ending before 2021.

VICTORIA COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Note 2: Summary of Significant Accounting Policies (Concluded)

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties -- the Foundation invests in various types of investment securities which 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 such changes could materially affect the amounts reported in the statement of financial position.

Donated Services, Goods and Facilities -- The Foundation receives a substantial amount of services, goods, and facilities donated by the College. Contributions of donated noncash assets are recorded at their fair values in the period received. They are included in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose.

Date of Management's Review -- Subsequent events were evaluated through November 5, 2025, which is the date the financial statements were available to be issued.

Note 3: Concentration of Credit Risk

The Foundation maintains its cash at one financial institution located in Victoria, Texas. Deposit accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, for each deposit insurance category. At times, the balances in bank deposit accounts may exceed federally insured limits. At August 31, 2025 and 2024, the Foundation has uninsured cash balances of \$825,165 and \$1,104,136, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to its cash and cash equivalents balances.

The Foundation also maintains cash in other accounts that are not insured. These accounts are similar to regular money market accounts regarding availability of amounts on deposit. As of August 31, 2025 and 2024, the Foundation had \$514,020 and \$34,046, respectively in these accounts.

VICTORIA COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Note 4: Pledges Receivable

Contributions are recognized at fair value when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional pledges receivable that are expected to be collected within the fiscal year are recorded at their net realizable value which approximates fair value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of estimated cash flows. As of August 31, 2025 and 2024, three donors comprised approximately 80% and 41% of pledges receivable, respectively. Pledges receivable are considered fully collectible as of August 31, 2025 and 2024.

Pledges receivable as of August 31, 2025 are expected to be collected as follows:

2026	\$ 293,680
2027	3,050
2028	2,500
2029	2,500
2030	2,500
Thereafter	<u>5,655</u>
Total	<u>\$ 309,885</u>

Note 5: Revenue Concentration

The majority of revenue is received from gifts, contributions, and investment returns. The loss of these revenues would have a severe impact on the operation of the Foundation. The Foundation received contributions from one donor that comprised approximately 74% and 64% of total revenues for the years ended August 31, 2025 and 2024, respectively.

Note 6: Availability and Liquidity of Financial Assets

The following represents the Foundation's financial assets as of August 31, 2025 and 2024 reduced by amounts not available for general use within one year of the balance sheet date because of donor-imposed restrictions. Donor restricted amounts that are available for use within one year for general purposes include \$785,709 and \$943,734 in subsequent year scholarships that were awarded as of August 31, 2025 and 2024, respectively.

VICTORIA COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Note 6: Availability and Liquidity of Financial Assets (Concluded)

	2025	2024
Financial Assets Available Within One Year	\$ 7,459,042	\$ 9,441,965
Plus: Restricted Scholarship Funds Available for Use Within One Year	785,709	943,734
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Donor-Imposed Purpose Restrictions	<u>(7,935,109)</u>	<u>(10,157,443)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 309,642</u>	<u>\$ 228,256</u>

The Foundation manages its liquidity by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs while accumulating reserves to assure long-term obligations will be discharged. In addition to the financial assets available to meet general expenditures over the next twelve months, the Foundation operates within a balanced budget and anticipates collecting sufficient revenues to cover general expenditures not covered by donor-restricted resources. Periodic actual to budget comparisons are performed and adjustments are made as considered necessary.

Note 7: Fair Value of Endowment Investments

The Foundation categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. FASB ASC 820, *Fair Value Measurement* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority,
- Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and
- Level 3 inputs which consist of other unobservable inputs and have the lowest priority.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 and Level 2 inputs are not available.

VICTORIA COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Note 7: Fair Value of Endowment Investments (Concluded)

Fair values of investments measured on a recurring basis at August 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
<u>Value Using Level 1 Inputs:</u>		
Fixed Income	\$ 1,352,876	\$ 1,334,281
Mutual Funds	<u>14,894,618</u>	<u>14,035,481</u>
Total Value Using Level 1 Inputs	<u>\$ 16,247,494</u>	<u>\$ 15,369,762</u>

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. The Foundation did not hold any investments during the years ended August 31, 2025 or 2024 for which fair values were measured on a nonrecurring basis or for which fair values were determined using Level 2 or Level 3 methods.

Note 8: Investment Return

As of August 31, 2025 and 2024, net investment return consisted of the following:

	<u>2025</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Interest and Dividends	\$ 127,313	\$ 454,270	\$ 581,583
Net Unrealized/Realized Gain on Investments	<u>-0-</u>	<u>1,570,819</u>	<u>1,570,819</u>
Total Investment Income	127,313	2,025,089	2,152,402
Investment Fees	<u>-0-</u>	<u>(47,711)</u>	<u>(47,711)</u>
Total Investment Return, Net	<u>\$ 127,313</u>	<u>\$ 1,977,378</u>	<u>\$ 2,104,691</u>

	<u>2024</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Interest and Dividends	\$ 74,736	\$ 645,465	\$ 720,201
Net Unrealized/Realized Gain on Investments	<u>-0-</u>	<u>1,729,193</u>	<u>1,729,193</u>
Total Investment Income	74,736	2,374,658	2,449,394
Investment Fees	<u>-0-</u>	<u>(50,132)</u>	<u>(50,132)</u>
Total Investment Return, Net	<u>\$ 74,736</u>	<u>\$ 2,324,526</u>	<u>\$ 2,399,262</u>

VICTORIA COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Note 9: Donated Services, Materials, and Facilities

The Foundation's administrative and executive services are donated by the College. The College also provides an office, use of furniture, equipment, office supplies, and all other items necessary for the daily operations of the Foundation.

During the years ended August 31, 2025 and 2024, the College has determined the fair value of services, materials, and facilities donated to the Foundation to be \$322,080 and \$310,658, respectively. The donated services, materials, and facilities are included in contributions and expenses in the statements of activities. The Foundation also recognized revenue from additional in-kind donations from various donors during the years ended August 31, 2025 and 2024 totaling \$2,179 and \$9,066, respectively.

Grants in the amount of \$85,555 were awarded from the Victoria College Foundation, Inc. to the Victoria College for each of the years ended August 31, 2025 and 2024. The grants were to partially support the salary of an Executive Director for the Foundation as well as an Administrative Assistant. The funds for these grants were not from any individual, corporation, or foundation. Instead, the funds were a portion of a 1% management fee that is assessed from the endowments held by the Foundation. The 1% is assessed based on a three-year rolling average of market values for each named endowment. This is the same process used to determine allocations for scholarships/programs. This percentage amount varies annually based on endowment earnings, and is approved by the Foundation Board of Directors.

Note 10: Endowment Funds

The Foundation has one endowment fund subject to the financial accounting and reporting requirements of FASB ASC 958-205. This fund consists of 130 and 128 separate endowments for various individuals and organizations as of August 31, 2025, and 2024, respectively. The Foundation maintains detailed records regarding each separate endowment. Income, expenses, and gains or losses on investments are allocated to each endowment based on its percentage in relation to the whole. It is Foundation policy that no income may be transferred from an endowment for use as scholarships until the endowment balance reaches a minimum of \$15,000 and has been established for a full year.

The Foundation's intent is that the portfolio be managed with the intention of achieving competitively high rates of return to secure sufficient income and growth over time to meet the requirements of the Foundation, while adhering to a prudent level of risk. The investment policy is designed for long-term growth because the portfolio is held in perpetuity. The long-term asset allocation for the Victoria College Foundation Endowment is 70% equity and 30% fixed income. There are minimum and maximum ranges around the targeted allocation.

VICTORIA COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Note 10: Endowment Funds (Concluded)

The Foundation conducts a Tradition of Excellence campaign annually to raise funds for scholarships, facilities, and faculty grants. Some contributors designate donations for certain endowments. Summarized financial data for the years ended August 31, 2025 and 2024, are as follows:

	Net Assets With Donor Restrictions	
	2025	2024
Total Assets		
Foundation Endowment	\$ 16,761,514	\$ 15,390,259
Total Liabilities	\$ -0-	\$ -0-
Total Net Assets	\$ 16,761,514	\$ 15,390,259
Support and Revenues		
Contributions	\$ 197,550	\$ 172,436
Investment Return, Net	1,913,813	2,224,114
Total Support and Revenues	2,111,363	2,396,550
Net Assets Released From Restrictions	(740,108)	(711,760)
Net Increase in Net Assets	1,371,255	1,684,790
Net Assets, Beginning of Year	15,390,259	13,705,469
Net Assets, End of Year	\$ 16,761,514	\$ 15,390,259

Note 11: Net Assets

Net assets at August 31, 2025 and 2024 were as follows:

	2025	2024
With Donor Restrictions		
Specific Purpose:		
Endowment	\$ 16,761,514	\$ 15,390,259
Grants	5,567,234	5,220,285
Gifts and Scholarships	1,514,238	4,019,484
	\$ 23,842,986	\$ 24,630,028
Without Donor Restrictions		
	2025	2024
	\$ 382,435	\$ 210,386

VICTORIA COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

Note 11: Net Assets (Concluded)

Net assets released from net assets with donor restrictions during the years ended August 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Satisfaction of Purpose Restrictions:		
Expiration of Purpose Restrictions	\$ 5,636,307	\$ 1,816,913
Net Appropriation From Endowment Funds	<u>740,108</u>	<u>711,760</u>
Total Net Assets Released From Restrictions	<u>\$ 6,376,415</u>	<u>\$ 2,528,673</u>

Note 12: Subsequent Events

The Foundation has evaluated subsequent events through November 5, 2025, which was the date the financial statements were available to be issued.

During November 2025, the Foundation received \$1,625,000 in restricted contributions.