

**LUTHERAN ELEMENTARY
SCHOOL ASSOCIATION**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2025

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lutheran Elementary School Association

Opinion

We have audited the accompanying financial statements of the Lutheran Elementary School Association (a nonprofit association), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the fiscal year 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 Lutheran Elementary School Association as of June 30, 2025, and the changes in its net assets, functional expenses, and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Lutheran Elementary School Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Lutheran Elementary School Association'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 the Lutheran Elementary School Association'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 Lutheran Elementary School Association'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.

F.E.W. CPAs

F.E.W. CPAs
Columbia, Illinois
October 30, 2025

**LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 467,085
Investments	10,858,425
Pledges and dues receivable	43,500
Prepaid insurance	7,500
Insurance cash value	<u>78,897</u>
 Total current assets	 <u>11,455,407</u>

NONCURRENT ASSETS

Property and equipment, net of accumulated depreciation	<u>12,335</u>
 Total noncurrent assets	 <u>12,335</u>
 Total assets	 <u>\$ 11,467,742</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll taxes payable	<u>\$ 407</u>
 Total current liabilities	 <u>407</u>

NONCURRENT LIABILITIES

None	-
 Total noncurrent liabilities	 -
 Total liabilities	 <u>407</u>

NET ASSETS

Without donor restriction	1,266,502
With donor restriction	<u>10,200,833</u>
 Total net assets	 <u>11,467,335</u>
 Total liabilities and net assets	 <u>\$ 11,467,742</u>

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Contributions	\$ 52,898	\$ 426,533	\$ 479,431
Dues	43,348	-	43,348
Fundraising	<u>349,892</u>	<u>-</u>	<u>349,892</u>
Total support and revenues	446,138	426,533	872,671
Net assets released from restrictions			
Satisfaction of restrictions	<u>1,269,133</u>	<u>(1,269,133)</u>	<u>-</u>
Total support, revenues, and satisfaction of restrictions	<u>1,715,271</u>	<u>(842,600)</u>	<u>872,671</u>
EXPENSES			
Program	<u>1,100,262</u>	<u>-</u>	<u>1,100,262</u>
Total program expenses	<u>1,100,262</u>	<u>-</u>	<u>1,100,262</u>
Support expenses			
General and administration	69,636	-	69,636
Fundraising	<u>222,838</u>	<u>-</u>	<u>222,838</u>
Total support expenses	<u>292,474</u>	<u>-</u>	<u>292,474</u>
Total expenses	<u>1,392,736</u>	<u>-</u>	<u>1,392,736</u>
Changes in net assets from operations	<u>322,535</u>	<u>(842,600)</u>	<u>(520,065)</u>
INVESTMENT ACTIVITIES			
Dividend and interest income	6,794	255,518	262,312
Net realized gain (loss) on securities	-	300,248	300,248
Net unrealized gain (loss) on securities	-	663,707	663,707
Investment fees	-	(85,139)	(85,139)
Total investment activities	<u>6,794</u>	<u>1,134,334</u>	<u>1,141,128</u>
Changes in net assets	329,329	291,734	621,063
Net assets - beginning of year	<u>937,173</u>	<u>9,909,099</u>	<u>10,846,272</u>
Net assets - end of year	<u>\$ 1,266,502</u>	<u>\$ 10,200,833</u>	<u>\$ 11,467,335</u>

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Program	General and Administration	Fundraising	Total
Salaries	\$ 275,603	\$ 17,443	\$ 55,818	\$ 348,864
Payroll taxes	16,064	1,017	3,253	20,334
Employee benefits	66,037	4,179	13,375	83,591
Scholarships	478,612	30,292	96,934	605,838
Grants	28,440	1,800	5,760	36,000
Fundraising	83,507	5,285	16,913	105,705
Joint marketing	30,731	1,945	6,224	38,900
Rent	21,186	1,341	4,291	26,818
Office supplies	1,263	80	256	1,599
Telephone	2,811	178	569	3,558
Staff development	3,975	252	805	5,032
Professional development	16,382	1,037	3,318	20,737
Postage and printing	4,144	262	840	5,246
Professional fees - other	18,808	1,190	3,809	23,807
Depreciation	4,727	299	957	5,983
Insurance	5,417	343	1,097	6,857
Travel	3,809	241	771	4,821
Counseling	7,051	446	1,428	8,925
Other	19,289	1,221	3,907	24,417
Computer maintenance	4,741	300	960	6,001
STEM programming	7,665	485	1,553	9,703
 Total	 <u>\$ 1,100,262</u>	 <u>\$ 69,636</u>	 <u>\$ 222,838</u>	 <u>\$ 1,392,736</u>

See accompanying notes and independent auditors' report

**LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 621,063
 Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	5,983
Net realized (gain) loss on securities	(300,248)
Net unrealized (gain) loss on securities	(663,707)
 Changes in assets and liabilities:	
(Increase) decrease in grants receivable	55,000
(Increase) decrease in pledges and dues receivable	28,275
(Increase) decrease in prepaid insurance	(5,600)
(Increase) decrease in insurance cash value	(3,912)
Increase (decrease) in payroll taxes payable	2,823
Increase (decrease) in state and city taxes	(91)
Increase (decrease) in deferred pledges	<u>(26,250)</u>
 Net cash provided by (used in) operating activities	 <u>(286,664)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

None	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

None	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(4,115)</u>
 Net cash provided by (used in) investing activities	 <u>(4,115)</u>
 Net increase (decrease) in cash and cash equivalents	 <u>(290,779)</u>
 Cash and cash equivalents - beginning of year	 <u>380,521</u>
 Cash and cash equivalents - end of year	 <u>\$ 467,085</u>

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Association

Lutheran Elementary School Association (the “Association”) is a recognized service Association, designated by the Board of Congregational Services of The Lutheran Church - Missouri Synod. The Association serves the Metropolitan St. Louis Area by providing funding to support scholarships for underprivileged youth to attend private metro-area schools and educational resources to member schools. The Association’s support comes primarily from individual donors’ contributions and various religious and social agency grants.

Basis of Accounting

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which require the Association to report information regarding its financial positions and activities according to the following net asset classifications:

Basis of Presentation

The financial statements of the Association have been prepared in accordance with the accrual basis of accounting. The Association 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 Association. These net assets may be used at the discretion of the Association’s management and the board of directors.

Net assets with donor restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that 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.

Cash and Cash Equivalents

The Association considers all highly liquid investments and certificates of deposit with a maturity of three months or less to be cash equivalents.

Investments

The Association has adopted “Accounting for Certain Investments Held by Non-Profit Associations”. Under the standard, investments with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities.

Contributed Services

The Association receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges and Dues Receivable

Pledges and dues receivable represent amounts due to the Association that have not yet been collected. Pledges and dues receivable for the fiscal year ended June 30, 2025 was \$43,500. Based on management's estimated collections, a provision for doubtful accounts has not been established, as management considers all accounts to be collectible as of June 30, 2025.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated assets, at their estimated fair market value on the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The Association follows the practice of capitalizing all expenditures for capital assets as assets with an initial, individual cost of \$500 or more and a useful life in excess of one year. Currently, assets are depreciated over useful lives of five to seven years. Expenditures for repairs and maintenance are charged to operating expenses as incurred. Depreciation expense for the fiscal year ended June 30, 2025 was \$5,983.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction, depending on the nature of the restriction, is accomplished), 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.

Joint Marketing

The Association uses joint marketing to promote its programs among the audiences it serves. Marketing costs are expensed as incurred. As of June 30, 2025 marketing expense was \$38,900.

Income Taxes

The Association is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Association adopted the provisions of *Accounting for Uncertainty in Income Taxes* on July 1, 2010. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of June 30, 2025, no amounts have been recognized for uncertain tax positions. The Association's tax returns filed for the fiscal year 2022 and prior are closed.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Association's program services and support services. Nonoperating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates in Financial Statements

The preparation of the 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, disclosure of contingent 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.

Leases - Accounting Treatment

The Association accounts for leases in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, Leases. Leases are recognized as either operating leases or finance leases based on the criteria specified in ASC 842. Presently, the Association has no material operating or finance leases.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or supporting service are charged directly according to their natural classification. Other expenses that are common to several functions are allocated based on time and effort, square footage, or other reasonable methods determined by management. Management believes such allocations are made on a reasonable basis and fairly represent the costs of each function.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Association holds its cash and investments with multiple financial institutions. Cash deposits held by the Association are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per institution. As of June 30, 2025, the Association's cash deposits did not exceed FDIC coverage.

The Association also maintains investments and related cash balances with registered investment brokers. Investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 per customer, which includes a limit of \$250,000 for cash claims. SIPC coverage protects investors against the loss of securities or cash in the event of a broker-dealer's insolvency, but it does not protect against declines in the market value of investments. As of June 30, 2025, the Association had \$10,382,027 in investment and brokerage balances that exceeded SIPC coverage limits and were therefore exposed to credit risk.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Litigation

As of June 30, 2025, the Association was not aware of any pending litigation. Management is of the opinion that any potential exposure to loss from unforeseen claims or future litigation would not have a material effect on the Association's financial statements.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30, 2025:

Computer equipment	\$ 23,048
Office furniture and equipment	1,107
Other equipment	<u>18,952</u>
Total depreciable property	43,107
Accumulated depreciation	<u>(30,772)</u>
Property and equipment, net	<u><u>\$ 12,335</u></u>

NOTE 5 - AVAILABILITY AND LIQUIDITY

The following represents the Association's financial assets at June 30, 2025:

Financial assets at year-end:

Cash and cash equivalents	\$ 467,085
Investments	10,858,425
Pledges and dues receivable	<u>43,500</u>
Total financial assets at year-end	<u><u>11,369,010</u></u>

Less amounts not available for general expenditures:

Net assets with period restrictions in excess of one year	6,550,606
Net assets with purpose restrictions	<u>3,650,227</u>
Total amounts not available to meet general expenditures	<u><u>10,200,833</u></u>

Financial assets available to meet general expenditures within one year	<u><u>\$ 1,168,177</u></u>
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NOTE 6 - REVENUE RECOGNITION UNDER ASU 2014-09

Contracts with Customers

As of June 30, 2025, revenue from dues received from members totaled \$43,348, respectively. No impairment losses were recognized on receivables or contract assets.

Disaggregated Revenue

Membership dues are recognized over time. Membership revenue is earned from Lutheran schools and early childhood centers across several counties in Missouri and Illinois, and the number of members does not change significantly from year to year. Hence, economic factors do not materially affect the nature, timing, and uncertainty of revenues or cash flows from membership dues.

Performance Obligations

Contract performance for membership obligations is satisfied over time during the course of each fiscal year of membership.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - REVENUE RECOGNITION UNDER ASU 2014-09 (Continued)

The Association does not charge interest on accounts receivable and has no formal obligation to its members for refunds of dues or conference fees.

Contract Balances

As of June 30, 2025, the Association had no outstanding contract-type balances.

Significant Judgments

Membership dues are set by the Association's Advisory Council. As a result, management uses judgment in recognizing membership dues. During fiscal 2025, there were no changes in the recognition methodology or in the judgments used to determine the timing of the satisfaction of performance obligations or the allocation of transaction prices to performance obligations.

The output method is used to recognize revenue for performance obligations satisfied over time, and that method was applied by recognizing annual membership dues for a given membership year monthly over the course of the membership year.

Adjusting consideration for the effects of the time value of money is not necessary for the Association's receivables. Further, the financial statements include no estimates of variable consideration or noncash consideration.

There have been no allocations of transaction prices, including estimates of standalone selling prices of goods or services promised, or allocation of discounts and variable consideration to a particular part of a contract.

Practical Expedients Used for Financing Components

There is no financing component to the Association's recognition of revenue.

NOTE 7 - DONOR RESTRICTED & BOARD DESIGNATED ENDOWMENTS

The Association's endowments consist of six funds established for a variety of purposes. Its endowments include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2025 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment corpus	\$ -	\$ 6,550,606	\$ 6,550,606
Donor restricted endowment earnings	- -	3,440,266	3,440,266
Board designated endowment funds			
Scholarships	688,030	- -	688,030
Operating and programming	179,523	- -	179,523
Total endowment funds	<u>\$ 867,553</u>	<u>\$ 9,990,872</u>	<u>\$ 10,858,425</u>

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - DONOR RESTRICTED & BOARD DESIGNATED ENDOWMENTS (Continued)

Changes in endowment net assets as of June 30, 2025 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 670,183	\$ 9,601,629	\$ 10,271,812
Contributions	232,170	31,200	263,370
Investment return, net	6,794	1,134,334	1,141,128
Released from restrictions	(41,594)	(776,291)	(817,885)
Endowment net assets - end of year	<u><u>\$ 867,553</u></u>	<u><u>\$ 9,990,872</u></u>	<u><u>\$ 10,858,425</u></u>

NOTE 8 - INVESTMENTS

Fair Value Measurements

Financial Accounting Standards Board Statement *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under *Fair Value Measurements* are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for fiscal 2025.

Certificates of deposit: Valued at cost, which approximates fair market value.

Mutual, equity, and fixed income funds: Valued at the net asset value of shares held by the Association at year-end.

Common stocks and exchange-traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Municipal, corporate, and U.S. government bonds: Valued by the investment administrator holding the securities.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - INVESTMENTS (Continued)

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 Association believes its valuation methods are appropriate and consistent, 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.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 268,929	\$ -	\$ 268,929
Equity funds	1,784,379	-	185,870	1,970,249
Fixed income funds	93,692	-	61,957	155,649
Common stocks	1,128,595	-	-	1,128,595
Corporate bonds	-	454,264	-	454,264
Government bonds	-	603,342	-	603,342
Securities held by LLF	-	-	6,277,397	6,277,397
Total	\$ 3,006,666	\$ 1,326,535	\$ 6,525,224	\$ 10,858,425

The tables below set forth a summary of changes in the fair value of the Association's level 3 assets for the fiscal year ended June 30, 2025:

	<u>Securities held by LLF</u>
Balance - beginning of year	\$ 5,791,244
Realized gain (loss)	221,732
Unrealized gain (loss)	372,342
Interest and dividends	141,152
Investment fees	(59,944)
Deposits	81,305
Disbursements	(270,434)
Balance - end of year	\$ 6,277,397

	<u>Securities held by YB</u>
Balance - beginning of year	\$ 224,601
Realized gain (loss)	598
Unrealized gain (loss)	25,687
Interest and dividends	4,574
Investment fees	(1,629)
Deposits	2,200
Disbursements	(8,204)
Balance - end of year	\$ 247,827

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - INVESTMENTS (Continued)

Funds held by the Lutheran Legacy Foundation (LLF) and Youth Bridge Community Foundation (YB) are pooled with other investor accounts and invested jointly. LLF and YB both value the investment pools based on published closing prices of various securities on active exchanges.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include assets that have been restricted for a specific purpose or period. Assets with a purpose restriction must be used for the intended purpose specified by the donor. The restriction expires when the stipulated purpose for which the resource was restricted has been fulfilled. Assets with a period restriction must be used during the period the donor has restricted them for, which can be temporary or permanent in nature. All donor-restricted endowment funds held by the Association are considered restricted in perpetuity, and earnings on the endowments are considered purpose restricted.

Net assets with donor restrictions at June 30, 2025 are available for the following purposes or periods:

	Purpose	Period
Endowment corpus	\$ -	\$ 6,550,606
Endowment earnings		
Scholarships	2,358,977	-
Operations and programming	1,081,289	-
STEM programming	3,754	-
Other scholarships	162,764	-
Other operations and programming	43,443	-
Total	<u><u>\$ 3,650,227</u></u>	<u><u>\$ 6,550,606</u></u>

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 30, 2025, the date which the financial statements were available for issue, and noted no reportable events.