

SEVERSON DELLS EDUCATIONAL FOUNDATION

**Financial Statements
and Independent Auditor's Report**

December 31, 2025

SEVERSON DELLS EDUCATIONAL FOUNDATION

Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-20

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Severson Dells Educational Foundation
Rockford, Illinois

Opinion

We have audited the accompanying financial statements of Severson Dells Educational Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statement of activities, functional expenses, and cash flows for the 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 Severson Dells Educational Foundation as of December 31, 2025, and the changes in its net assets and its cash flows for the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Severson Dells Educational Foundation and to meet our 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 Severson Dells Educational 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 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 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 combined 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 Severson Dells Educational 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 Severson Dells Educational Foundation's ability to continue as a going concern for a reasonable period of time.

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

Lucas Group CPAs + Advisors, PLLC

Rockford, Illinois
April 30, 2026

SEVERSON DELLS EDUCATION FOUNDATION
Statement of Financial Position
December 31, 2025

	2025
Assets	
Current assets:	
Cash	\$ 672,057
Grants receivable	27,184
Inventory	15,816
Total current assets	715,057
Noncurrent assets:	
Investments	2,593,562
Endowment investments	126,106
Property and equipment, net	1,193,552
Beneficial interest in assets held by the Community	
Foundation of Northern Illinois, Restricted	226,112
Total noncurrent assets	4,139,332
Total assets	\$ 4,854,389
Liabilities	
Current liabilities:	
Accounts payable	\$ 224
Accrued wages and vacation	24,005
Deferred revenue	14,730
Total current liabilities	38,959
Net Assets	
Without donor restrictions	4,074,979
With donor restrictions	740,451
Total net assets	4,815,430
Total liabilities and net assets	\$ 4,854,389

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

SEVERSON DELLS EDUCATION FOUNDATION
Statement of Activities
For the Year Ended December 31, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 371,761	347,392	719,153
Membership income	28,540	-	28,540
Grant income	204,007	-	204,007
In-kind contributions	72,356	-	72,356
Investment return, net	102,004	13,490	115,494
Investment unrealized gains (losses)	270,378	-	270,378
Fundraising events, less cost of direct event costs of \$15,292	76,734	-	76,734
Program fees	102,008	-	102,008
Bookstore sales, less cost of sales of \$7,672	6,030	-	6,030
Miscellaneous	2,309	-	2,309
Total support and revenue	1,236,127	360,882	1,597,009
Net assets released from restrictions	150,728	(150,728)	-
Total support and revenue and net assets released from restrictions	1,386,855	210,154	1,597,009
Expenses			
Program services	623,285	-	623,285
Management and general	237,133	-	237,133
Fundraising	174,393	-	174,393
Total expenses	1,034,811	-	1,034,811
Change in Net Assets	352,044	210,154	562,198
Net Assets, Beginning of Year	3,722,935	530,297	4,253,232
Net Assets, End of Year	\$ 4,074,979	740,451	4,815,430

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

SEVERSON DELLS EDUCATION FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services				Supporting Services			2025
	School Programs	Public Programs	Restoration	Total	General & Administration	Fundraising	Total	
Wages	\$ 78,279	\$ 161,500	\$ 27,878	\$ 267,657	\$ 77,508	\$ 103,443	\$ 180,951	\$ 448,608
Program Stipends	37,063	49,418	56,831	143,312	-	-	-	143,312
Payroll tax and benefits	11,895	28,764	6,001	46,660	50,215	21,517	71,732	118,392
Consultant fees	547	525	-	1,072	19,563	-	19,563	20,635
Legal and accounting	2,025	5,080	-	7,105	13,332	5,713	19,045	26,150
Training	830	355	-	1,185	717	50	767	1,952
Mileage and travel	1,560	695	-	2,255	2,159	184	2,343	4,598
Advertising	25	899	-	924	249	2,947	3,196	4,120
Dues and licenses	40	-	-	40	1,883	195	2,078	2,118
Information technology	702	2,839	-	3,541	4,624	1,981	6,605	10,146
Insurance expense	2,461	2,157	-	4,618	5,660	2,599	8,259	12,877
Utilities	2,139	3,857	-	5,996	9,360	4,011	13,371	19,367
Repairs and maintenance	456	1,144	-	1,600	3,001	1,286	4,287	5,887
Supplies	3,979	10,052	-	14,031	3,705	360	4,065	18,096
Mailings and postage	61	277	-	338	1,827	2,054	3,881	4,219
Printing and copying	2,954	4,105	-	7,059	2,303	11,525	13,828	20,887
Payroll processing fees	1,437	2,655	-	4,092	6,966	2,985	9,951	14,043
Processing fees	54	1,536	-	1,590	451	1,256	1,707	3,297
Speakers and presenters	-	10,506	-	10,506	-	-	-	10,506
Meetings and meals	94	2,709	-	2,803	1,207	-	1,207	4,010
Land restoration expense	-	-	59,236	59,236	-	-	-	59,236
Depreciation expense	457	1,145	-	1,602	3,006	1,288	4,294	5,896
In-Kind expenses	7,968	27,987	-	35,955	25,402	10,999	36,401	72,356
Equipment expense	-	108	-	108	1,137	-	1,137	1,245
Miscellaneous	-	-	-	-	2,858	-	2,858	2,858
Total expenses	\$ 155,026	\$ 318,313	\$ 149,946	\$ 623,285	\$ 237,133	\$ 174,393	\$ 411,526	\$ 1,034,811

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

SEVERSON DELLS EDUCATION FOUNDATION

Statement of Cash Flows

For the Year Ended December 31, 2025

	2025
Cash Flows from Operating Activities:	
Change in net assets	\$ 562,198
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,896
Beneficial interest in assets held by CFNIL	(226,112)
Unrealized gain on investments	(270,378)
(Increase) decrease in assets:	
Grants receivable	109,524
Inventory	4,354
Increase (decrease) in liabilities:	
Accounts payable	224
Accrued wages and vacation	9,994
Deferred revenue	8,612
Net cash provided by (used in) operating activities	204,312
Cash Flows from Investing Activities:	
Purchase of property and equipment	(1,210)
Proceeds from sale of investments	40,000
Purchase of investments	(124,607)
Net cash provided by (used in) investing activities	(85,817)
 Net increase (decrease) in cash and cash equivalents	 118,495
Cash and Cash Equivalents	
Beginning	553,562
Ending	\$ 672,057

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

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 1. Summary of Significant Accounting Policies

Nature of Activities

Severson Dells Educational Foundation (SDEF) is a not-for-profit agency whose mission is to inspire conservation of nature through education and stewardship, cultivating connections between people and place:

The following is a summary of the Foundation's programs:

School Programs - SDEF provides a wide range of nature educational programs for schools including on-site field trips, in-school programs and after school programs.

Public Programs – SDEF provides educational services to the general public about the natural environment through camps, family programs, guided walks, scout programs and lectures. Other public programs that SDEF offers include canoe convoys, music and luminary events which gives the public the ability to enjoy nature in different settings.

Habitat Stewardship – SDEF is restoring s shuttered golf course into a natural habitat for the purpose of a second location to provide nature education. SDEF will steward this land in perpetuity. In addition, SDEF supports habitat restoration efforts at Severson Dells Forest Preserve, which is owned and managed by the Forest Preserve of Winnebago County.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SDEF and changes herein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and net assets that are subject to Board of Director stipulations.

Net Assets With Donor Restrictions

Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash includes demand deposits and highly liquid investments in various checking and money market accounts with an original maturity of three months or less except for funds held for endowment. SDEF held no cash equivalents at December 31, 2025.

SDEF maintains its cash at two financial institutions which, at times, may exceed federally insured limits. At December 31, 2025 the bank balance of deposits exceeded FDIC limits by \$208,683. SDEF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments

SDEF carries investments in marketable securities with readily determinable fair values and all assets in equity and debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Gains and investment income that are limited to specific uses by donor-imposed restrictions may be reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized. Direct internal and external investment fees are netted against investment return on the statement of activities.

Beneficial Interest in Assets Held at Community Foundation

The Organization has a fund that is perpetual in nature under the Community Foundation of Northern Illinois (CFNIL) and is named the beneficiary of this fund. CFNIL has been granted variance power, which allows CFNIL to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of CFNIL's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by CFNIL for the Organization's benefit and is reported at fair value in the statement of financial position, with the distributions and changes in fair value recognized in the statements of activities.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Land, Buildings, and Equipment

Land, buildings and equipment that cost \$500 or more are capitalized at cost in the accompanying statements of financial position. Such expenditures of less than \$500 are expensed when incurred. Donated assets are stated at their fair value at the date of the gift. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis.

Property and equipment are depreciated using the straight-line method over the following estimated lives:

Buildings	10-40 Years
Furniture & Equipment	3-7 Years

Grant Receivables

Grants receivable consist of grants due from governmental agencies under cost reimbursement contracts and grants from private organizations. Invoice and payment terms are provided in the contracts. All amounts are due in less than one year. SDEF evaluates collectability periodically based on an analysis of specific account history and experience. Based upon management's evaluation as of December 31, 2025 an allowance of uncollectible accounts was not considered necessary. However, actual write-offs may occur.

Inventory

Inventories consist of books, clothing and other supplies, which are valued at the lower of net realizable value or cost.

Revenue and Revenue Recognition

Program Fees

SDEF recognizes revenue from registration fees at the time of attendance. The registration fees are refundable if the program is cancelled and therefore are not recognized in revenue until attendance. Fees collected in advance are recorded as deferred revenue on the statements of financial position.

Membership Income

Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element from the difference between the total dues paid and the exchange element. SDEF determined that the exchange portion of the membership dues is not significant and recognizes the full membership immediately.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (continued)

Disaggregation of Revenue from Contracts with Customers

	2025
Program fees	\$ 102,008
Bookstore sales	13,072
Fundraising events	92,026
Revenue recognized at a point in time	\$ 207,106

Significant Judgments

There are no significant judgments involved in the recognition of revenue at a point in time.

Various economic factors could affect the recognition of revenues and cash flows, including the demand for programs and ability to provide the programs as some programs are weather dependent.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable (contract assets) and deferred revenue (contract liabilities) on the statements of financial position. Contract liabilities are released as the performance obligations are met. Beginning and ending balances of contract assets and liabilities were as follows as of December 31:

	2025	2024
Contract assets - accounts receivables	\$ -	\$ -
Contract liabilities - deferred revenue	\$ 14,730	\$ 6,118

Contributions

All contributions are considered available for SDEF's general programs unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

SDEF recognizes contributions when cash, securities, other assets, services or space or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There were no conditional promises to give as of December 31, 2025.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (continued)

In-kind Donations

In addition to receiving cash contributions, SDEF receives in-kind contributions of non-financial goods and services. A substantial number of volunteers have contributed significant amounts of their time to SDEF's programs and management. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

SDEF received the following contributions of nonfinancial goods and services for the year ending December 31, 2025:

	2025
Rent	\$ 34,080
Advertising	37,361
Legal	420
Other	495
Total In-Kind Contributions	\$ 72,356

SDEF receives contributions of use of space. The space used is valued at fair value based on an analysis of similar properties. The donated space is used in SDEF's programs and supporting services.

SDEF also receives contributed advertising as in-kind contributions at fair value based on valuation received from donor based upon rates paid for similar advertisements. The contributed advertising is used in SDEF's programs and supporting services.

SDEF receives contributed legal services relating to the land purchase and other legal issues which were valued using rates paid for similar services. The contributed legal services were used in SDEF's programs and supporting services.

In addition, SDEF receives contributed goods which are valued at the estimated fair value of similar items that would be paid if purchased by SDEF. The contributed goods are used in SDEF's programs and supporting services.

None of the in-kind contributions received during the year were subject to donor-imposed restrictions.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (continued)

Grant Income

A portion of SDEF's revenue is derived from cost-reimbursable federal grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when SDEF has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as a refundable grant advance in the statements of financial position.

In addition, SDEF receives funding from local grants which are conditional with a measurable performance or other barrier and right of return. These grants are not recognized until the conditions on which they depend have been met. During 2025, there were no advance payments received on conditional local grants.

Functional Allocation of Expenses

Expenses are recognized when they are incurred. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include depreciation and rent, which are allocated on an estimated square-footage basis, as well as contractual services, which are allocated on the basis of estimates of time and effort.

Advertising Costs

Advertising costs are charged to operations when incurred and are directly charged to management and general on the statements of functional expenses. Advertising costs for the year ended December 31, 2025 was \$4,120.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

Taxation Status and Uncertain Tax Positions

SDEF qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

SDEF evaluates its uncertain tax provisions on an annual basis, and there have been no recorded uncertain tax provisions in 2025. Therefore, no provision or liability for income taxes has been included in the financial statements. SDEF files various federal or state non-profit tax returns. SDEF is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2022.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long lived assets during 2025.

Note 2. Land, Buildings, and Equipment

Fixed assets consisted of the following at December 31, 2025:

	2025
Fixed assets not being depreciated:	
Land	\$ 1,138,386
Total fixed assets not being depreciated	1,138,386
Fixed assets being depreciated:	
Buildings	50,000
Equipment	53,938
Total fixed assets being depreciated	103,938
Less accumulated depreciation	(48,772)
Net fixed assets	\$ 1,193,552

Depreciation expense was \$5,896 for 2025.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 3. Liquidity and Availability

SDEF manages its cash available to meet general expenditures with the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statements of financial position date, are comprised of the following as of December 31:

	2025
Cash and cash equivalents	\$ 672,057
Grant receivable	27,184
Investments	2,593,562
Total financial assets available	3,292,803
Less:	
Purpose restriction - program and future building	(514,341)
Investments - board designated	(2,593,562)
Total financial assets available for use	\$ 184,900

Disbursements from board designated investments are at the discretion of the Board of Directors of SDEF. An annual distribution rate is recommended by the Board's Finance Committee up to 4% based on the average market value of the last three years as of the December 31 statement and is calculated at year-end.

SDEF's cash flows have variations during the year attributable to camp registration which opens in December and continues through end of July.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 4. Investments and Fair Value Measurements

SDEF follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 “Fair Value Measurements” which defines fair value, establishes a framework for measuring fair value by providing a hierarchy used to classify the source of information measuring fair value, and requires additional disclosures about fair value measurements. Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories, which are based on the transparency of inputs as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but trade less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 – Securities have little to no pricing observability as of the report date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment. If an investment that is measured using Net Asset Value (NAV) has a readily determinable fair value (that is, it can be traded on the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV's are not included in Level 1, 2 or 3, but are separately reported.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 4. Investments and Fair Value Measurements (Continued)

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended December 31, 2025.

Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Recurring Measurements

Assets measured at fair value on a recurring basis as of December 31, are as follows:

	2025			Total
	Level 1	Level 2	Level 3	
Mutual funds and exchange traded funds	\$ 2,695,080	\$ -	\$ -	\$ 2,695,080
Beneficial interest in assets held by the CFNIL	226,112			226,112
Total Assets at Fair Value	\$ 2,921,192	\$ -	\$ -	2,921,192
Cash				24,588
Total investments				\$ 2,945,780
Total investments on the Statement of Financial Position				
Non-current investments				\$ 2,593,562
Endowment investments				126,106
Beneficial interest in assets held by the CFNIL				226,112
Total Investments				\$ 2,945,780

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 4. Investments and Fair Value Measurements (Continued)

The Board of Directors of SDEF has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, SDEF classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund (d). The remaining portion of the donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by SDEF in a manner consistent with the standard of prudence prescribed by UPMIFA.

SDEF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in accordance with predetermined asset allocation and performance benchmarks. To satisfy its long-term rate-of-return objectives, SDEF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

From time to time, certain endowment funds may have fair values less than the amount required to be maintained by donor or by law (underwater endowments). SDEF has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no amounts underwater as of December 31, 2025.

The endowment net asset composition by type of fund as of December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions		2025 Total
		Endowment Earnings	Endowment Principal	
Donor restricted endowments funds	\$ -	\$ 78,568	\$ 47,538	\$ 126,106
Beneficial interest in assets held by the CFNIL	-	-	226,112	226,112
Board designated endowments funds	2,593,562	-	-	2,593,562
Total	\$ 2,593,562	\$ 78,568	\$ 273,650	\$ 2,945,780

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 5. Endowments

SDEF's endowment consists of donor-restricted endowment funds and board designated quasi endowment funds. As required by 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.

Changes in endowment net assets for the year ended December 31, 2025 are as follows:

	With Donor Restrictions				Total
	Without Donor Restrictions	Endowment Earnings	Endowment Principal	Beneficial Interest in Assets Held at CFNIL	
Endowment net assets, beginning of year	\$ 2,278,988	\$ 38,157	\$ 47,538	\$ -	\$ 2,364,683
Investment return, net	349,226	13,490	-	-	362,716
Investment purchases	5,348	-	-	-	5,348
Contributions	-	-	26,921	226,112	26,921
Amount appropriated for expenditure	(40,000)	-	-	-	(40,000)
Endowment net assets, End of year	<u>\$ 2,593,562</u>	<u>\$ 51,647</u>	<u>\$ 74,459</u>	<u>\$ 226,112</u>	<u>\$ 2,719,668</u>

Note 6 Beneficial Interest in Assets Held by Community Foundation of Northern Illinois

The Organization has a fund at the Community Foundation of Northern Illinois (CFNIL), which is holding them as an endowed component fund (the Fund) for the benefit of the Organization. The Fund is subject to the CFNIL's investment and spending policies, which currently result in a distribution to the Organization of 4% of the average quarterly value over the previous 12 quarters. The Organization reports the fair value of the Fund as beneficial interest in assets held by the CFNIL in the statement of financial position. Changes in the value of the Fund are reported as gains or losses in the statement of activities.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 7. Net Assets without Donor Restrictions

Net assets without donor restrictions include the following as of December 31:

	2025
Undesignated	\$ 1,481,417
Investments - board designated	2,593,562
Total Net Assets without Donor Restriction	\$ 4,074,979

SDEF's Board of Directors has designated investment funds be set aside for board approved annual distributions to be used for operations if the annual budget is at a projected deficit.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following as of December 31 :

	2025
Restricted as to purpose	
Education	\$ 27,766
Play area	5,000
Future building and habitat restoration	355,469
Endowment earnings	51,647
Endowment principal	74,459
Total purpose restrictions	\$ 514,341
Perpetual restrictions	
Donor restricted investment	\$ 226,110

Note 9. Related Party Transactions

The building used by SDEF is currently owned by the WCFPD, a related party. SDEF entered into a two-year lease agreement commencing on May 19, 2025 for the use of the premises at an annual rental of \$1. The estimated fair rental value is included in these financial statements as an in-kind donation. For the year ended December 31, 2025, the estimated fair rental value for the facilities was \$34,080.

SEVERSON DELLS EDUCATIONAL FOUNDATION
Notes to Financial Statements
December 31, 2025

Note 10. Commitments

SDEF has a prairie and savanna restoration services agreement at the former Elliot Golf Course, for \$846,148 for native seeding, maintenance of native seeding, tree and shrub planting and non-native tree removal through 2028.

Note 11. Subsequent Events

SDEF has evaluated subsequent events through April 30, 2026, which was the date that these financial statements were available for issuance and determined that there were no significant unrecognized subsequent events through that date.