

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF LOUISVILLE FOUNDATION, INC.

In Open Session

Members of the Board of Directors of the University of Louisville Foundation, Inc. met at 12:03 p.m. on October 30, 2025, at 515 W. Market Street in the First Floor Conference Room. Members were present and absent as follows:

Present: Mr. Mark Nickel, Chair
Mr. Jerry Abramson
Ms. Sofya Alterman
Ms. Christy Ames
Mr. David Anderson
Dr. Gerry Bradley
Mr. Scott Brinkman
Mr. Ernest Brooks (*left at 1:21 p.m.*)
Mr. Matt Carper
Ms. Jessica Cole
Mr. Al Cornish
Mr. Charlie Dahlem
Ms. Jill Force
Ms. Mariah Gratz
Mr. John Hollenbach
Mr. Brian Lavin
Mr. Kevin Ledford
Ms. Becky Phillips
Mr. Jake Smith
Mr. Powell Spears
Mr. Rudy Spencer
Ms. Macy Waddle
Dr. Andrew Winters

Absent: Mr. Chris Dischinger

Board Advisor: Ms. Deborah Lawson

From the Foundation: Mr. Keith Sherman, Executive Director and COO
Ms. Gina Lankswert, Director of Operations
Mr. Jake Robertson, Manager of Accounting & Financial Reporting
Ms. Julie Soule, Executive Assistant

From Legal Counsel: Mr. Franklin Jelsma, Wyatt, Tarrant & Combs

From the University: Mr. Douglas Craddock, Vice President, Community Engagement
Ms. Julie Dials, Sr. Assoc VP, Philanthropy & Alumni Engagement
Mr. Darrell Griffith, Assistant Vice President, Community Engagement

Mr. Charlie Perusse, Interim EVP for Finance and Administration

I. Call to Order

Having determined a quorum present, Chair Nickel called the regular meeting to order at 12:03 p.m. He welcomed Mr. Hollenbach, Mr. Lavin, Ms. Phillips, and Dr. Winters to their first Foundation meeting.

No conflicts of interest or appearances of conflicts were identified.

II. Consent Agenda

Mr. Nickel read the Consent Agenda as follows: Approval of Minutes from the meeting on July 31, 2025, and the resolution regarding the creation of quasi-endowment. Mr. Abramson made a motion, which Mr. Spencer seconded, to approve the **attached** Consent Agenda. The motion passed.

III. Reports from the University of Louisville

Mr. Craddock provided an overview of the Office of Community Engagement.

Dr. Bradley provided an update on the University highlighting student enrollment and retention.

IV. Audit, Compliance & Risk Management Committee Report

Ms. Cole reported that the Audit, Compliance & Risk Management Committee has met three times since the last Board meeting. They met with Grant Thornton in early September to receive an interim update on the audit given the unique reorganization of the Foundations and the related acquisition accounting. And then the Committee met again on September 26 so Grant Thornton could present the results of their fiscal year 2025 audits for both ULF and ULREF.

Grant Thornton issued unmodified (clean) opinions on the financial statements. There were two uncorrected misstatements related to alternative investments that are immaterial to the UofL Foundation financial statements. There were no corrected or material uncorrected misstatements identified as a result of their procedures. No material weaknesses in internal controls over financial reporting were identified and there were no matters that would impair Grant Thornton's independence with respect to management or the Foundations.

The Committees also had an opportunity to speak with Grant Thornton without staff present. No issues or concerns were noted, and they were complimentary of the cooperation the staff provided.

Ms. Cole reported that the Committee approved the **attached** audited financial statements and independent auditor's report, and as a final step they recommend the full Board also approve them. The motion passed.

Gift and Endowment Compliance

The Committee met prior to the Board meeting to receive an update on the Compliance teams' work. Monthly compliance reviews through September 2025 are complete. The detailed review of FY2025 is complete, and FY2026 Quarter 1 is in process. Regarding UofL Health compliance, monthly and detailed review is completed through September 2025; compliance remains near 100%.

Staff continue to work with UofL Philanthropy to amend gift agreements as needed to be compliant with federal guidance and state law. Staff are also engaged with University CFO and VP Budget and Finance to explore modification to the philanthropic funding process.

V. Finance Committee Report

Ms. Force reported that the Finance Committee reviewed their financials at their October 23 meeting. She shared the following highlights:

- The main endowment pool's market value at the end of September was over \$996 million. This is an all-time quarterly high. It is up from \$939 million at the same time last year and up from \$961 million as of June 30. The total assets of the Foundation (which includes ULREF) are more than \$1.6 billion. This is an increase of almost \$59 million year over year. This increase is driven primarily by investment returns.
- Gross gift revenues (this includes outright gifts of cash, unconditional pledges, and gifts in kind) were \$10.7 million. Total philanthropy (which includes conditional pledges and bequests) was \$20 million. Both are better than budget.
- Support payments to the University from gift and endowment accounts were \$16.6 million, compared to a budget of \$15.6 million. The Foundation's total expenses increased slightly compared to last year, due to the increase in University support.
- \$94 million of Foundation funds are available as of September 30, 2025, which is approximately the same total available from a year ago.

Investment Subcommittee Report

Mr. Carper reported that the Investment Subcommittee met on October 29, 2025. He provided a brief overview of the market's performance and the Foundation's investment portfolio. He noted that during the meeting Prime Buchholz also reviewed the public equity segment of the Main Endowment Pool.

The Committee reviewed the direct manager position in the Main Endowment Pool that has remained above the 15% threshold since December 2023 and has been under Subcommittee monitoring since January 2024.

The position exceeded 18% in June, which triggered a special meeting. Prime reported that they would reduce the allocation, and the Committee concurred. Due to the manager's quarterly liquidity and 60-day notice requirement, the position was reduced;

however, it has again risen above 18%. Prime plans an additional reduction to approximately 17.5%.

The Committee reaffirmed its ongoing oversight of this position. In accordance with the Investment Policy Statement, allocations above 15% require Committee approval. Prime will notify the Foundation if the position exceeds 18% again so the Committee can reconvene.

Mr. Carper reported that the Subcommittee discussed the appropriate timing for issuing a Request for Proposals (RFP) for the Outsourced Chief Investment Officer (OCIO) role. While tax and audit services typically operate on a five-year review cycle, the Committee agreed that a longer interval is more appropriate for OCIO engagements.

Prime Buchholz has served as OCIO since January 2020, and the Committee expressed overall satisfaction with their performance. Members noted that Prime Buchholz inherited several existing managers and that meaningful investment changes require time to implement and assess.

The Committee will continue to review this matter annually and is prepared to initiate an RFP should circumstances warrant. As a matter of good governance, the Committee also affirmed that an OCIO RFP should be conducted at least once every ten years, even if the process ultimately reaffirms the current provider.

VI. Philanthropy Committee Report

Mr. Spencer reported that the Philanthropy Committee met on October 29. Mr. Broschart provided updates on current fundraising efforts, staffing developments, and planning for a future campaign. Several of the new job openings are possible due to the additional funding the Board approved in July.

The Committee explored ideas for potential events and considered ways to bring various Boards across campus together to strengthen alignment, foster a culture of philanthropy, and support the university's fundraising goals.

VII. University of Louisville Real Estate Foundation (ULREF) Report

Ms. Gratz reported that during its October 23, 2025, meeting the ULREF board discussed their financials, leasing activities, and a few potential real estate transactions.

During the first quarter of fiscal year 2026, ULREF recorded \$9.75 million in TIF revenue from the Commonwealth for tax year 2023. The amount was unexpectedly high. ULREF is still awaiting increment calculations from Louisville Metro for tax years 2022 and 2023.

VIII. Report of the Executive Director
Real Estate Update

Mr. Sherman opened his report with several real estate updates. He noted that site clean-up for the future research park on Belknap Campus is scheduled to begin soon,

which will include grading the property. He also shared that the Cardinal Center on Fourth Street currently operates as a surface parking lot managed by University Parking.

Donor Request Regarding an Endowment

Mr. Sherman reported on a certain donor's request to transfer an existing endowment to another not-for-profit organization. In 2024, the donor asked that the Legacy Foundation move her fund to the UofL Foundation to support UofL Health nurses, specifically to assist part-time nurses pursuing nursing degrees. She has expressed frustration that scholarship awards have not yet been made.

Mr. Sherman and Mr. Broschart recommended denying the request, noting that it does not meet the criteria for a refund under the Foundation's Gift Acceptance Policy. Mr. Sherman emphasized that although UofL Health has not awarded scholarships from the fund over the past two years, the fund remains fully eligible for use and can be awarded annually for its intended purpose.

Following a motion by Mr. Abramson, seconded by Mr. Brooks, the Board voted to deny the donor's request and encouraged her to revisit it in one year if scholarships still have not been awarded.

University Funding Request

Mr. Sherman reported that the University has requested \$5 million to renovate the McConnell Chao Archives in Ekstrom Library. Dr. Bradley provided additional context regarding the project and its anticipated timeline. It was noted that private funds have been secured to support the archives' operations, but additional resources are required to renovate the physical museum space.

Mr. Sherman reminded the Board that this is the University's second supplemental funding request of the fiscal year, following the Board's approval of additional Philanthropy funding in July. He stated that the Foundations have the resources to fund these requests.

Ms. Force expressed support for the request. Board members discussed the project and sought clarification on the funding source, project management, and the overall process. ULREF will serve as the funding source, and the renovation will proceed under a sole source agreement. Ms. Force noted that a more formal process for future requests will be developed.

Ms. Force moved to approve up to \$5 million in funding for the project, with the Foundation contracting directly for the work. Mr. Brinkman seconded the motion. The motion passed unanimously, with no opposition or abstentions.

IX. Executive Session to Discuss Potential Acquisition or Sale of Real Property, Pending or Proposed Litigation, and a Specific Business Proposal Pursuant to KRS 61.810 (1) (b) (c) and (g)

Mr. Nickel asked for a motion to go into an executive session to discuss the potential acquisition or sale of real property, a specific business proposal, and a personnel matter pursuant to KRS 61.810(1)(b) (g) and (f). Ms. Cole made the motion, which Mr. Dahlem seconded, to go into an executive session at 1:29 p.m. The motion passed.

X. Reconvene Open Session

When the open session was reconvened at 1:52 p.m., Mr. Nickel reported that the potential acquisition of real property, a specific business proposal, and a personnel matter were discussed during the executive session.

Two actions were taken:

Upon the recommendation of the Compensation Committee the Board approved the compensation of the Chief Accounting Officer as listed in the **attached** resolution.

Ms. Ames moved that the Board authorize and direct the Executive Director, on behalf of ULREF, to negotiate and finalize the acquisition of the real property located at 1819 South Brook Street pursuant to the financial terms discussed in executive session. The Executive Director is further authorized and directed to negotiate, execute, and deliver all documents necessary to complete the acquisition. Mr. Lavin seconded the motion. The motion passed. Mr. Spears abstained.

XI. Report of the Chair

Mr. Nickel expressed his appreciation to former Chair Force for the progress achieved under her leadership and the valuable institutional knowledge she continues to provide. He then introduced himself, noting that he graduated in 1996 with a degree in finance and played baseball for the University during the Metro and Conference USA eras.

Mr. Nickel emphasized that the Commonwealth, the city, and the broader community need a University and Foundation operating at full strength. He reflected on the healing and progress that have taken place over the past several years and shared that he was grateful to have contributed to that work and honored to now lead the Board.

He spoke with enthusiasm about Dr. Bradley's tenure as University President, recalling the provost presentation Dr. Bradley delivered more than a year ago as particularly memorable. He underscored that, at its core, the mission remains centered on educating students.

Mr. Nickel reiterated that the Foundation exists to support the University—by stewarding donations responsibly, growing investments, and distributing resources prudently—which in turn fosters continued donor confidence and future giving. He highlighted the

importance of the ULREF portfolio and encouraged Board members to develop a strong understanding of it. He encouraged them to participate in the upcoming property tour.


He reminded members that they serve as ambassadors and he noted the significance of the Board's composition, praising the expertise, integrity, and passion each member brings. He also commended Mr. Sherman and his team for operating in a highly effective and efficient manner.

XII. Other Business

Mr. Sherman encouraged all members who have not yet done so to make a year-end gift to the University, noting that the goal is 100 percent participation and that the amount of the contribution is not material.

XIII. Adjournment

Having no further business, a motion to adjourn the meeting was made by Mr. Spencer and seconded by Mr. Spears. The motion passed and the meeting adjourned at 2:00 p.m.


Ernest A. Brooks III, Secretary
University of Louisville Foundation, Inc.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

October 30, 2025

At a duly convened meeting of the Board of Directors (the “Board”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“ULF”), held on October 30, 2025, the Board adopted the following resolution:

**Establishment of Quasi-Endowment in the University Libraries:
University Libraries Employee Professional Development Fund**

WHEREAS, the University of Louisville recommends the Board approve the establishment of the following new quasi-endowment in the amount of \$125,000:

Titled: University Libraries Employee Professional Development Fund

Unit: University Libraries

Purpose: Distributions from the fund will be used to provide professional development support for University Libraries employees at the discretion of the Dean of University Libraries.

Source: Libraries is moving \$125,000 from their unrestricted gift account (G1385).


RESOLVED, that the Board approves the establishment of the quasi-endowment in University Libraries entitled University Libraries Employee Professional Development Fund.

BOARD ACTION:

Passed X

Did Not Pass _____

Other _____


Ernest A. Brooks III, Secretary
University of Louisville Foundation, Inc.

Request to Create Board-Designated Quasi Endowment

Initiated By:	Robert E. Fox, Jr.
Title:	Dean, University Libraries
Funding Amount:	\$ 125,000.00
Source of Funds:	G1385
Recommended Account Name:	University Libraries Employee Professional Development Fund
School:	University Libraries
Workday Department Code	CC000396
Workday Department	University Library - Admin

PURPOSE/USE

Describe the purpose of this program and what service it will provide. Please provide as much detail as possible. This will aid with compliance work.

This quasi-endowment will provide a 50% match as requested in the Hannelore Rader University Libraries Employee Professional Development Fund CGA (E2487):
 Distributions from the Fund will be used to provide professional development support for University Libraries employees at the discretion of the Dean of University Libraries.

a. Such support may take the form of tuition / fees for coursework and degree programs to advance the library science careers of existing employees. If, in any year, spendable funds remain after meeting the tuition / fees goal, support may also be provided for training and professional conferences, and other professional development activities, as deemed appropriate by the Dean.

b. Eligible recipients must have been an employee of University Libraries for at least one year and be employed at 80% FTE or above. To maintain eligibility to receive tuition/fee funding in succeeding terms, employees must remain in good standing in their program with an overall GPA of 2.0 or higher.

OVERSIGHT/COMPLIANCE

Please list the name, title, email and phone number of the two individuals with signature authority for this program.

NOTE: These individuals understands they cannot receive a tax deduction for any gifts made to this program per IRS rules.

Robert E. Fox, Jr.	bob.fox@louisville.edu
First and Last Name	Email
Dean, University Libraries	(502) 852-6745
Title	Phone Number

Rachel Hodge

First and Last Name

rachel.hodge@louisville.edu

Email

Director, Business Unit Administration

Title

(502) 852-8705

Phone Number

ACKNOWLEDGEMENT

By signing and submitting this request, each authorized signer understands and agrees to the following:

1. The funds will be used to created an new Board-Designated Quasi Endowment Fund ("Fund") that will be invested in ULF's unitized endowment pool.
2. The Fund will be subject to ULF's standard endowment policies and procedures including the distribution of annual spending policy and administrative fee.
3. The corpus of the Fund must remain invested in the endowment pool for 12 months prior to any liquidation requests.
4. Liquidation requests are required to follow ULF and University policy then in effect.
5. Funds from this program will be administered through a reimbursement process, as such all expenses must meet the specific criteria for which this program is being established.

Robert E. Fox, Jr. Digitally signed by Robert E. Fox, Jr.
Date: 2025.10.09 16:24:00 -04'00'

Dean

[Redacted]

Date

Kathryn Cardarelli Digitally signed by Kathryn Cardarelli
Date: 2025.10.14 09:29:12 -04'00'

Provost

[Redacted]

Date

Requests exceeding \$100,000

[Redacted]

President

10/17/2025

Date

A copy of the completed, signed form should be emailed to:

- VP of University Advancement
- Unit Development Officer
- ULF Service Account (devalum@louisville.edu)

This section to be completed by ULF personnel

Program # Expense Code
 Name: Campus

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

October 30, 2025

At a duly convened meeting of the Board of Directors (the “Board”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“ULF”), held on October 30, 2025, the Board adopted the following resolution:

Approval of FY2024-25 Audited Financial Statements

WHEREAS, on April 28, 2022, the University of Louisville Foundation Board of Directors approved the engagement of Grant Thornton for the purpose of providing financial statement audit services, beginning with the fiscal year ending June 30, 2022, for the University of Louisville Foundation, Inc. and the University of Louisville Real Estate Foundation, Inc.

WHEREAS, on July 31, 2025, the University of Louisville Foundation Board of Directors approved Grant Thornton’s audit plan for Fiscal Year 2025.

WHEREAS, on September 26, 2025, the Audit, Compliance and Risk Management Committee approved, and recommends the Board approve the same, the audited financial statements for the University of Louisville Foundation, Inc. and the University of Louisville Real Estate Foundation, Inc. for the period ending June 30, 2025.


RESOLVED, the Board approves the attached audited financial statements for the period ending June 30, 2025.

BOARD ACTION:

Passed X

Did Not Pass

Other



Ernest A. Brooks III, Secretary
University of Louisville Foundation, Inc.



2025 Annual Audit Presentation

University of Louisville Foundation
University of Louisville Real Estate Foundation
September 26, 2025

PRESENTATION TO THOSE CHARGED WITH GOVERNANCE

This communication is intended solely for the information and use of management and the those charged with governance of University of Louisville Foundation and University of Louisville Real Estate Foundation and is not intended to be and should not be used by anyone other than these specified parties.

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Agenda

- 01 Executive summary
- 02 Audit scope and results
- 03 Required communications
- 04 Appendix





Executive summary

September 26, 2025

On-track for delivery of audited financial statements

On-budget

The base audit is tracking on-budget. Additional hours were incurred related to the reorganization.

Industry Insights

Providing industry insights on accounting and auditing developments as well as areas of risk

As of September 26, 2025, below are the open items:

- Signed Management Representation Letter



Audit timeline & scope



Significant risks

The following provides an overview of significant risks based on our risk assessments

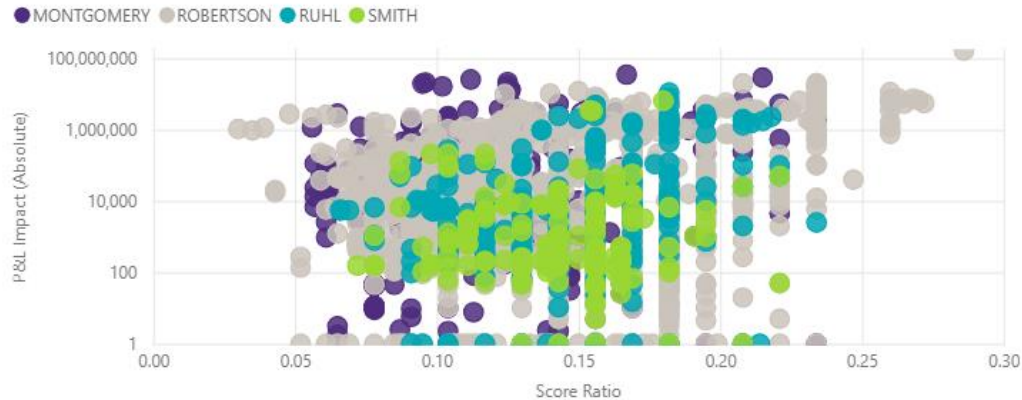
Significant risk area	Results
Management override of internal controls Presumed fraud risk and therefore significant risk in all audits.	<ul style="list-style-type: none">• Considered the design and implementation of entity-level controls, including information technology controls, designed to prevent/detect fraud.• Assessed the ability of the entities to segregate duties in its financial reporting, information technology, and at the activity-level.• Conducted interviews of individuals involved in the financial reporting process to understand (1) whether they were requested to make unusual entries during the period and (2) whether they are aware of the possibility of accounting misstatements resulting from adjusting or other entries made during the period.• Performed risk assessment for journal entries and detail tested a sample of journal entries based on our risk assessments to ensure propriety of the entries.

Whole Ledger analytics

The following provides an overview of significant risks based on our risk assessments

- **Whole Ledger Analytics** was performed on all journal entries (manual and automated) to pinpoint transactions that appeared to have a higher risk of management override of controls based on the cumulative risk score.
- **The cumulative risk score** is generated based on how the individual transaction performs against 38 routines, which have been designed to identify unusual transactions or those that could indicate fraud (e.g., abnormal size, abnormal volume, unusual account combinations).
- **High risk:** we subjected entries with high cumulative risk scores to further analysis and isolated a subset of these entries for testing.
- **Testing:** for entries tested, we obtained underlying support, evaluated for validity in the normal course of business, and obtained evidence of approval.

Score Ratio by P&L Impact and JE Entry Individual



WHOLE LEDGER ANALYTICS FOR ULF ARE DEPICTED IN THIS SCATTERPLOT

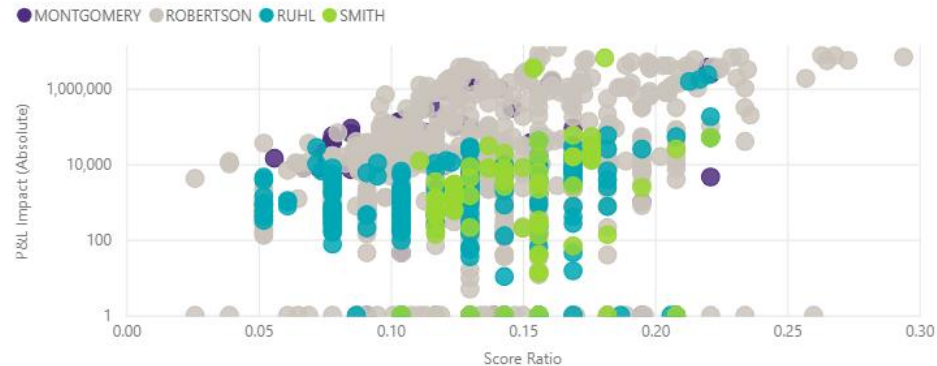
This shows the cumulative risk score on the x-axis and the financial statement impact on the y-axis. Each dot represents a transaction, while the color indicates the individual who posted the transaction.

Whole Ledger analytics

The following provides an overview of significant risks based on our risk assessments

- **Whole Ledger Analytics** was performed on all journal entries (manual and automated) to pinpoint transactions that appeared to have a higher risk of management override of controls based on the cumulative risk score.
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- **High risk:** we subjected entries with high cumulative risk scores to further analysis and isolated a subset of these entries for testing.
- **Testing:** for entries tested, we obtained underlying support, evaluated for validity in the normal course of business, and obtained evidence of approval.

Score Ratio by P&L Impact and JE Entry Individual



WHOLE LEDGER ANALYTICS FOR ULREF ARE DEPICTED IN THIS SCATTERPLOT

This shows the cumulative risk score on the x-axis and the financial statement impact on the y-axis. Each dot represents a transaction, while the color indicates the individual who posted the transaction.

Significant risks (continued)

The following provides an overview of significant risks based on our risk assessments

Significant risk area	Results
Rental Revenue A significant portion of revenue comes from contracts with customers (rental revenue). The accounting for revenue is subject to revenue recognition determination and the existence of revenue. (ULREF)	<ul style="list-style-type: none">• Evaluated the design and implementation of controls over the calculation of revenue to be recognized.• Performed analytical tests using data outside of the accounting department to create expectations of revenue and compare to actual results.• Performed tests of details, including testing individual revenue transactions.• Evaluated the revenue recognition policies for appropriateness within the GAAP framework
Reorganization and related changes	<ul style="list-style-type: none">• Obtained an understanding of the reorganization transaction between ULF and ULREF in the current year.• Evaluated management's process for determining fair value of assets being transferred from ULREF to ULF.• Engaged GT Valuation Group to assess the reasonableness of fair value of real estate investments, TIF Intangibles and other financial statement line items, as necessary.• Reviewed the consolidation journal entries prepared and posted to record the transaction.• Reviewed the appropriateness of elimination entries between ULF and ULREF, as applicable.• Reviewed the completeness and accuracy of required disclosures for the reorganization.



Areas of audit focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
Valuation of investments (ULF)	<ul style="list-style-type: none"> • Gained an understanding of the pre- and post- investment monitoring procedures and selection process. • Evaluated management's process for estimating the value of investments, including those valued at net asset value. • For marketable securities: <ul style="list-style-type: none"> • Confirmed existence of investment holdings directly with custodians. • Developed an independent estimate of valuation. • For alternative investments: <ul style="list-style-type: none"> • Confirmed a sample of investments directly with the fund manager • Tested management's process to develop an estimate of valuation, including obtaining manager statements and audited financial statements of the fund. Reviewed auditor's reports to assess quality of financial reporting and type of opinion received. • Obtained fiscal roll-forwards for a sample of non-marketable alternative investment positions. Tested a sample of capital additions, withdrawals, fees and income. • Tested reasonableness of investment-related income, including unrealized appreciation/ (depreciation) in fair values. • Evaluated prioritization of inputs used to determine fair value investment assets is reasonable and in accordance with Topic 820, <i>Fair Value Measurements</i>, and reviewed related disclosures.

Areas of audit focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
Funds Held in Trusts by Others (ULF)	<ul style="list-style-type: none">• Confirmed existence of investment holdings directly with custodians.• Reviewed the assumptions used to estimate the value of funds held in trusts by others.
Tax Incremental Financing Assets (ULREF)	<ul style="list-style-type: none">• Reviewed roll forward of activity.• Reviewed management's amortization policies for appropriateness.



Areas of audit focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
Bonds and Notes Payable (ULF and ULREF)	<ul style="list-style-type: none"> • Confirmed debt with holders. • Assessed management's debt covenant compliance calculations.
Operating Expenses/Accrued Expenses (ULF and ULREF)	<ul style="list-style-type: none"> • Agreed balances of significant accrued liabilities to supporting documents or calculations to ensure completeness. • Performed analytical testing using drivers based upon our knowledge of the business. • Evaluated the functional allocation of expenses by reviewing the methodology and inputs used to allocate the expenses. We also analytically reviewed the functional expense statement.
Contribution Revenue (ULF)	<ul style="list-style-type: none"> • Performed tests of details, including testing individual transactions. • Reviewed pledge agreements and payments on pledges receivables received during the year. • Evaluated the revenue recognition policies for appropriateness within the GAAP framework.
Net assets (ULF & ULREF)	<ul style="list-style-type: none"> • Performed tests of details of contributions received during the year to verify that they were recorded in the proper net asset classification. • Performed tests of details of net assets released from restriction to determine the restrictions had been satisfied. • Performed analytical review of the contributions and allocations

Areas of audit focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
Contributions and Allocations (ULF)	<ul style="list-style-type: none">Tested a sample of contributions and allocations by tracing to underlying gift agreement or contract, the reimbursement request and payment support for accuracy.
Accounting estimates	The preparation of the financial statements requires management to make multiple estimates and assumptions that affect the reported amounts of assets and liabilities as well as the amounts presented in certain required disclosures in the notes to those financial statements. The most significant estimates relate to the valuation of alternative investments and valuation of the investment joint ventures. Our procedures included reviewing these estimates and evaluate their reasonableness.
Financial statement disclosures	Our procedures included an assessment as to the adequacy of the financial statement disclosures to ensure they are complete, accurate and appropriately describe the significant accounting policies employed in the preparation of the financial statements and provide a detail of all significant commitments, estimates and concentrations of risk, amongst other relevant disclosures required by US GAAP.

Summary of misstatements (\$000s)

Management believes the unrecorded adjustments are immaterial to the financial statements based on an analysis of quantitative and qualitative factors. Unrecorded misstatements could be potentially material to future financial statements.

Description	Increase (Decrease) to:			
	Assets	Liabilities	Net assets	Net Income
Uncorrected misstatements				
ULF				
1 Investments	\$ 7,448	\$ -	\$ -	\$ -
Unrealized gain on investments	-	-	-	7,448
<i>To recognize fair value of late reporting alternative investment funds.</i>				
2 Net Assets - beginning of year	-	-	(2,032)	-
Unrealized gain on investments	-	-	-	2,032
<i>Reversal of prior year impact of fair value of late reporting alternative investment funds.</i>				
Net impact	\$ 7,448	\$ -	\$ (2,032)	\$ 9,480



Required communications

Professional standards
require that we
communicate the
following matters to you,
as applicable

- Going concern matters
- Fraud and noncompliance with laws and regulations
- Significant deficiencies and material weaknesses in internal control over financial reporting
- Use of other auditors
- Use of internal audit
- Related parties and related party transactions
- Significant unusual transactions
- Disagreements with management
- Management's consultations with other accountants

- Significant issues discussed with management
- Significant difficulties encountered during the audit
- Other significant findings or issues that are relevant to you and your oversight responsibilities
- Modifications to the auditor's report
- Other information in documents containing audited financial statements



Quality of accounting practices

Topic

Discussion

Accounting policies

Accounting policies appear consistent and appropriate. There were no changes in significant accounting policies.

Accounting estimates

We believe that the following accounting estimates are critical to the Foundations and that they are consistent and appropriate in the circumstances.

- Valuation of investments
- Functional expense allocation
- Valuation of capital assets due to reorganization
- Valuation of intangible assets due to reorganization

Disclosures

We believe that management has made the appropriate disclosures in the financial statements.

- We noted no issues involved and judgments made in formulating particularly sensitive disclosures
- The financial statements and disclosures are clear and complete
- Overall neutrality, consistency, and clarity of disclosures is appropriate

Other related matters

None noted.



Use of the work of others

Other individuals or entities	Description of the use of others and relevant area(s) of audit
Specialists and those with specialized skill and knowledge Internal audit	✓ <ul style="list-style-type: none"> • GT Valuation Services Group (VSG) to review valuations of capital assets and intangible assets in conjunction with reorganization
Other company personnel Third parties working at the direction of the company	
Other GTUS offices or locations	✓ <ul style="list-style-type: none"> • Personnel, technology, and resources of Grant Thornton Advisors LLC • Technology and resources of our shared services center located in India



Additional information on relevant required communications

Topic	Description of matter(s)
Difficult or contentious matters for which we consulted	
Management's consultation with other accountants	
Disagreements with management	
Difficulties encountered during the audit	
Circumstances that affect the form and content of the auditor's report	
Other findings or issues	
Written representations requested from management	✓ Management representation letter to be signed by management.



Significant unusual transactions

A significant unusual transaction is a significant transaction that is outside the normal course of business for the company or that otherwise appears to be unusual due to its timing, size, or nature. We identified the following significant unusual transactions during this year's audit.



Effective July 1, 2024, ULF became the sole member of ULREF through amendments to ULREF's Articles of Incorporation and Bylaws. As sole member, ULF obtained a controlling financial interest in ULREF and, accordingly, consolidates ULREF in its financial statements beginning on the acquisition date.

In accordance with Accounting Standards Codification ("ASC") 805, Business Combinations, and ASC 958-805, Not-for-Profit Business Combinations, the ULREF assets acquired and liabilities assumed were recorded at their acquisition-date fair values. As a result of the reorganization, ULREF elected to apply pushdown accounting as of July 1, 2024. ULF engaged independent third parties to assist in the valuation of real estate and certain intangible assets, while other assets and liabilities were recorded at carrying amounts that approximate fair value.

Business purpose: To align all organizational activity under one consolidated entity and reduce operational overhead.

Auditor independence

Our firm maintains a robust quality control system supported by comprehensive policies and procedures that meets or exceeds regulatory requirements. Our system enables us to evaluate and maintain our independence and serve audit clients with requisite integrity, objectivity, and independence. As you exercise your oversight responsibilities, you should understand the more significant aspects of this system:

Accumulating and communicating relevant information, including a restricted-entity list and use of a tracking system to monitor the financial interests of our worldwide personnel

.....

Obtaining annual written confirmations of compliance from personnel and member firms

.....

Monitoring individual compliance, including periodic audits and disciplinary mechanisms

.....

Conducting a domestic or international relationship check through a robust Relationship Checking System

.....

Evaluating relationships and circumstances that create threats to independence, including relationships identified through a domestic or international check

Monitoring independence for new opportunities

Only permitted nonaudit services or business relationships are cleared, and such services or relationships are monitored for scope creep. As necessary, our firm applies appropriate safeguards to eliminate or mitigate independence threat(s) to an acceptable level. As necessary, or as required by a regulator, the engagement partner will discuss with management and/or the audit committee any potential independence threats or where additional input is needed in relation to our firm's independence evaluation.

Commitment to promote ethical and professional excellence

We are committed to promoting ethical and professional excellence. To advance this commitment, we have put in place a phone and internet-based hotline system.

The Ethics Hotline

(1.866.739.4134) provides individuals a means to call and report ethical concerns.

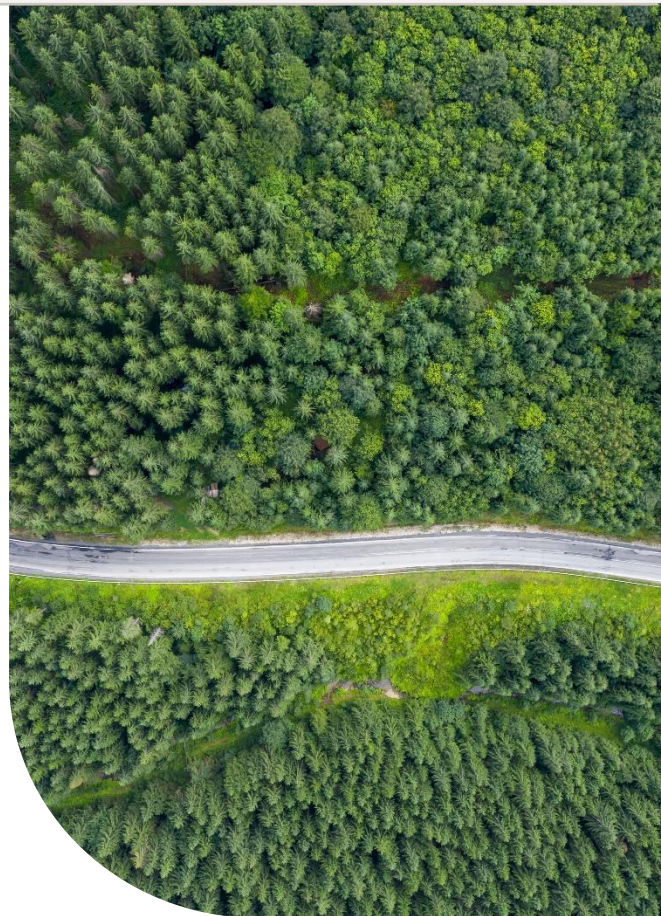
The EthicsPoint URL

link can be accessed from our external website or through this link:
https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=15191

Disclaimer: EthicsPoint is not intended to act as a substitute for a company's "whistleblower" obligations.



Appendix





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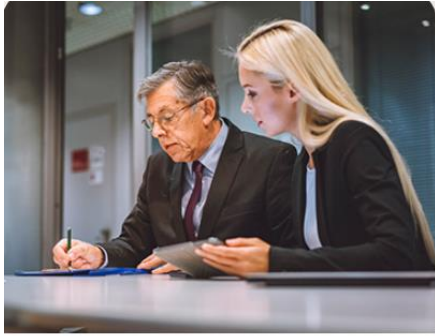
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Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

**University of Louisville Foundation, Inc. and
Affiliates**

June 30, 2025

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
University of Louisville Foundation, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of University of Louisville Foundation, Inc. and Affiliates (the "Entity"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of June 30, 2025, and the results of its operations 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Entity 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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.

Grant Thornton LLP

Chicago, Illinois
September 30, 2025

University of Louisville Foundation, Inc. and Affiliates
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2025
(In thousands)

ASSETS

Cash	\$	9,781
Accounts receivable, net		1,468
Other receivables		1,000
Contributions receivable, net		9,616
Investments		1,080,257
Investments in joint ventures		9,713
Funds held in trust by others		78,814
Prepaid and other assets		9,518
Intangibles, net		151,824
Capital assets, net		<u>237,535</u>
Total assets	\$	<u><u>1,589,526</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	1,640
Funds held in trust for others		16,366
Other liabilities		12,077
Bonds and notes payable		63,755
Due to the University of Louisville		<u>6,538</u>
Total liabilities		<u>100,376</u>

Net assets

Without donor restrictions		408,992
With donor restrictions		<u>1,080,158</u>
Total net assets		<u>1,489,150</u>
Total liabilities and net assets	\$	<u><u>1,589,526</u></u>

The accompanying notes are an integral part of this consolidated financial statement.

University of Louisville Foundation, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2025
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, gains, and other support			
Gifts	\$ 689	\$ 31,980	\$ 32,669
Investment return, net	5,736	78,859	84,595
Changes in funds held in trust by others	-	8,549	8,549
Rental revenues	19,881	-	19,881
Other revenues	7,626	-	7,626
Tax incremental financing revenues	8,376	-	8,376
Inherent contribution revenue	337,705	-	337,705
Net assets released from restrictions	66,683	(66,683)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains, and other support	446,696	52,705	499,401
Expenses			
Contributions and allocations to University of Louisville departments	67,247	-	67,247
Contributions and allocations to UofL Health - Louisville, Inc.	2,388	-	2,388
Salaries	4,711	-	4,711
Utilities	2,417	-	2,417
General and administrative	3,949	-	3,949
Lease expense	1,306	-	1,306
Professional services	2,426	-	2,426
Repairs and maintenance	4,777	-	4,777
Depreciation and amortization	13,550	-	13,550
Interest expense	3,394	-	3,394
Other expenses	587	-	587
	<hr/>	<hr/>	<hr/>
Total expenses	106,752	-	106,752
Provision for uncollectible contributions receivable	-	1,791	1,791
Actuarial gain on annuity and unitrust obligations	-	36	36
	<hr/>	<hr/>	<hr/>
Total expenses and losses	106,752	1,827	108,579
	<hr/>	<hr/>	<hr/>
CHANGES IN NET ASSETS	339,944	50,878	390,822
Net assets, beginning of year	<hr/>	<hr/>	<hr/>
	69,048	1,029,280	1,098,328
Net assets, end of year	<hr/>	<hr/>	<hr/>
	\$ 408,992	\$ 1,080,158	\$ 1,489,150

The accompanying notes are an integral part of this consolidated financial statement.

University of Louisville Foundation, Inc. and Affiliates

CONSOLIDATED STATEMENT OF CASH FLOWS

**Year ended June 30, 2025
(In thousands)**

Operating activities

Changes in net assets	\$ 390,822
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Inherent contribution revenue	(337,705)
Realized and unrealized gain on investments, net	(84,595)
Changes in funds held in trust by others	(8,549)
Depreciation and amortization expense	13,550
Provision for uncollectible contributions receivable	1,791
Contributions restricted for long-term investment	(9,883)
Loss on disposal of capital assets	950
Changes in assets and liabilities:	
Accounts and notes receivable, net	4,280
Contributions receivable, net	4,753
Prepaid expenses and other assets	(2,936)
Accounts payable	(218)
Funds held in trust for others	597
Other liabilities	801
Due to the University of Louisville	909
	(25,433)
Net cash used in operating activities	(25,433)

Investing activities

Purchases of investments	(275,968)
Proceeds from sales of investments	305,984
Purchases of capital assets	(9,461)
	20,555
Net cash provided by investing activities	20,555

Financing activities

Contributions restricted for long-term investment	9,883
Payments to annuitants	(549)
Payments on bonds and notes payable	(3,106)
	6,228
Net cash provided by financing activities	6,228

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,350
---	-------

Cash and cash equivalents, beginning of year	8,431
---	-------

Cash and cash equivalents, end of year	\$ 9,781
---	----------

Supplemental cash flow information

Cash paid for interest	\$ 3,393
Net assets acquired in reorganization of ULREF (see Note 2)	\$ 337,705

The accompanying notes are an integral part of this consolidated financial statement.

University of Louisville Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The University of Louisville Foundation, Inc. and Affiliates (ULF or the Foundation) have been designated by the University of Louisville (the University) to receive funds derived from gifts and other sources, including funds held in trusts by others. As directed by its Board of Directors (the Board), ULF transfers funds to the University upon satisfaction of donor restrictions. In addition, a portion of the Foundation's unrestricted resources provides support for certain of the University's activities.

The Foundation owns or controls the following entities, all of which are included in the consolidated financial statements of the Foundation as of June 30, 2025, unless otherwise noted:

University of Louisville Development Corporation, LLC (ULDC) is a limited liability company formed in September 2007, whose sole member is ULF. Its purpose is to develop and manage certain real estate operations of ULF at the Shelby Campus of the University. In October 2010, ULDC became a 51% owner of Campus One, LLC (Campus One). Campus One operates a commercial real estate building on the University's Shelby Campus. This investment in the joint venture is accounted for under the equity method, since ULDC is not considered the primary beneficiary.

MetaCyte Business Lab, LLC (MetaCyte) is a limited liability company acquired in 2008, whose sole member is ULF. Its purpose is to identify and support commercially promising health science discoveries in the region.

University of Louisville Real Estate Foundation, Inc. (ULREF) was formed in November 2014. ULREF's mission is to acquire, maintain, improve, leverage, manage, lease, and convey real and personal property for the benefit of the University. Effective July 1, 2024, ULREF adopted amended bylaws and filed amended and restated articles of incorporation to implement a reorganization under which ULREF became a subsidiary of the Foundation, with the Foundation serving as ULREF's sole member.

The following entities are consolidated under ULREF:

220 South Preston, LLC	Community Park, LLC
Cardinal Station, LLC	515 Building, LLC
KYT-Louisville, LLC	248 E. Market Street, LLC
Johnson Hall, LLC	208 E. Market Street, LLC
Kurz Hall, LLC	UL Cardinal Center, LLC

In FY25, the following entities were transferred from ULF to ULREF as part of a common control transaction.

300 E. Market, LLC (fka TNRP, LLC)	1820 Arthur Street, LLC
CCG, LLC	Field Hockey, LLC
North Quad, LLC	Rock Lots, LLC

All significant intercompany balances and transactions have been eliminated in consolidation. The Foundation is a discretely presented component in the financial statements of the University.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. 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

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

consolidated financial statements. Estimates could also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

Without Donor Restrictions - These are net assets that are not subject to donor-imposed restrictions. Items that affect this category principally consist of revenues and expenses associated with the core activities of the Foundation and its affiliates, along with unrestricted gifts to the Foundation.

With Donor Restrictions - These are net assets subject to donor-imposed restrictions that will be met by the Foundation or the passage of time or that include a stipulation that assets provided by retained in perpetuity while permitting the Foundation to use all or part of the investment return on these assets for specified or unspecified purposes.

Cash

At June 30, 2025, the Foundation's cash accounts exceeded federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes that the Foundation is not exposed to any significant credit risk on cash.

Accounts Receivable, Net

Accounts receivable are comprised primarily of rental income receivable along with other receivables. The Foundation evaluates the collectability of receivables. The Foundation maintains an allowance for credit losses for estimated losses resulting from the inability of customers to make the required payments under the agreements. Allowance for credit losses as of June 30, 2025, amounts to approximately, \$390,000.

Investments and Investment Return

Investments are recorded at fair value. Investment return includes interest and dividends and realized and unrealized appreciation (depreciation). Investment expenses, such as custodial fees, investment advisory fees and direct internal investment expenses involving the direct conduct or direct supervision of the strategic and tactical activities involved in generating investment return, are netted against investment return in the accompanying consolidated statements of activities. Investment securities are exposed to various risks, such as interest, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such a change could materially affect the amounts reported in the consolidated financial statements.

The Foundation includes, as a part of its portfolio, investments that are restricted by donors for use in the future activities of the University. Investment return that is initially restricted by donor stipulation is included in net assets with donor restrictions. Other investment return is reflected in the consolidated statement of activities and changes in net assets as with donor restrictions or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

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

Alternative investments, including hedge funds, private equity funds, and limited partnerships, are recorded at net asset value (NAV). The NAV of alternative investments is based on valuations provided by the administrators of the specific financial instrument. The underlying investments in these financial instruments

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

may include marketable debt and equity securities, commodities, foreign currencies, derivatives, real assets (such as real estate), and private equity investments.

Fair Value Measurements

ULF follows the provisions of Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. ASC 820 defines a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, as noted above, ASC 820 defines a three-level fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participants. The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - Inputs utilize quoted market prices in active markets for identical assets or liabilities that ULF has the ability to access.
- Level 2 - Inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset and liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 - Inputs are unobservable inputs for the asset or liability, which is typically based on an entity's own assumptions, since there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Investment in Joint Venture

ULF, through ULDC, holds a 51% variable interest in a joint venture accounted for under the equity method of accounting acquired through the creation of Campus One in October 2010. The joint venture builds and manages rental properties on the University's Shelby Campus. NTS Development Company (NTS), the joint venture partner and manager, may terminate the management agreement without cause upon 60 days' written notice or terminate the management agreement for cause at any time upon prior written notice, and, in such case, NTS may require ULDC to purchase NTS's interest at fair value. ULF, through ULDC, also holds the right to terminate the management agreement with NTS.

ULF, through ULREF, holds a 51% variable interest in two joint ventures, Campus Two, LLC and Campus Three, LLC, which are accounted for under the equity method of accounting. These joint ventures were formed to develop and manage rental properties located on the University's Shelby Campus. NTS Development Company (NTS), the joint venture partner and manager, may terminate the management agreement without cause upon 60 days' written notice or, for cause, at any time upon prior written notice.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

In such cases, NTS may require ULREF to purchase NTS's interest at fair value. ULF, through ULREF, also holds the right to terminate the management agreement with NTS.

ULREF also holds a 50% interest in MedCenter Parking, LLC (MedCenter), a limited liability company formed in June 2001 and located at 501 E. Broadway. The remaining 50% is owned by Big A, LLC (Big A), an unrelated third party. MedCenter's purpose is to operate and manage parking facilities near the MedCenter One building on East Broadway. As required by U.S. GAAP, an investee's primary beneficiary is the entity that has the power to direct the investee's significant activities and has an obligation to absorb losses or the right to receive benefits that could be potentially significant to the investee. An investee must be consolidated if an entity is deemed to be the primary beneficiary of the investee.

All facts and circumstances are taken into consideration when determining whether the Foundation has variable interests that would deem it the primary beneficiary and therefore require consolidation of the related investee or otherwise rise to the level where disclosure would provide useful information to the users of the Foundation's consolidated financial statements. In many cases, it is qualitatively clear based on whether the Foundation has the power to direct the activities significant to the investee and, if so, whether that power is unilateral or shared, and whether the Foundation is obligated to absorb significant losses of, or has a right to receive significant benefits from, the investee. In other cases, a more detailed qualitative analysis, and possibly a quantitative analysis, are required to make such a determination.

The Foundation monitors the unconsolidated investments to determine whether any reconsideration events have occurred that could impact the conclusion to these investments. The Foundation reconsiders whether it is the primary beneficiary of an investee on an ongoing basis. A previously unconsolidated investee is consolidated when the Foundation becomes the primary beneficiary. A previously consolidated investee is deconsolidated when the Foundation ceases to be the primary beneficiary.

The Foundation has concluded it is not the primary beneficiary of these joint ventures, since most of the daily operations and key operating decisions are conducted by NTS and Big A, and, therefore, the entities are not consolidated.

At June 30, 2025, the Foundation's investment was approximately \$9.7 million and is included within investments on the accompanying consolidated statement of financial position.

Amortized Intangible Assets

TIF intangibles were revalued in connection with the ULF-ULREF reorganization. The value of the intangibles was derived by discounting projected future increment payments over the remaining life of the Louisville Life and Health Sciences and University of Louisville Research Park Project TIF agreements.

The TIF intangible assets are being amortized over the remaining 16 to 19 years. Such assets are periodically evaluated as to the recoverability of their carrying values.

Capital Assets

Capital assets are stated at cost or estimated market value at the date of receipt from donors. Depreciation on capital assets is charged to expense using the straight-line method based on their estimated useful lives.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The estimated useful lives for each major depreciable classification of capital assets are as follows:

Asset Category	Useful Life	Capitalization Threshold
Buildings and land improvements	40 years	\$ 50,000
Tenant improvements	Life of lease	\$ 50,000
Furniture, fixtures and equipment	3 years	\$ 5,000

The Foundation has elected to capitalize collections that include art, rare books, photographs, letters, journals, manuscripts, and musical instruments. These items are capitalized at cost or, if a gift, at the fair market value on the date of the gift.

Long-Lived Asset Impairment

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

Funds Held in Trusts by Others

The Foundation is the beneficiary of irrevocable trust funds held by others. The Foundation has recorded the fair value of the ownership interest of the trusts as net assets with donor restrictions.

Funds Held in Trusts for Others

The Foundation has entered into agreements with other entities to serve as agent for certain trusts. The Foundation manages these investments as a part of these agency agreements. The Foundation records these investments within investments and funds held in trusts for others on the consolidated statements of financial position. The Foundation, acting in an agent capacity, does not reflect earnings on investments held in trust for others on the consolidated statements of activities, since these earnings are distributed to the owners of the funds.

Unrestricted Bequests

The Foundation follows the policy of designating all received unrestricted bequests of \$100,000 or greater as funds functioning as board-designated endowments.

Gifts

Gifts of cash and other assets received are reported as net assets with donor restrictions, as appropriate. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. An allowance on uncollectible pledges is recorded based on such factors as collection and payment history, type of gift, and nature of fundraising. Scheduled payments past due are allowed.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recorded when the conditions are met and the gift becomes unconditional.

In-Kind Contributions

In addition to receiving cash contributions, the Foundation receives in-kind contributions of library materials, art, vehicles, and other educational equipment and supplies from various donors. The Foundation records income for the estimated fair value of in-kind donations in the period they are received and records as assets or as part of the program or supporting services expense upon use on its consolidated financial statements. The Foundation received approximately \$845,000 of in-kind gifts for the year ended June 30, 2025. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions and were immediately contributed to the University.

Contributed library materials, vehicles, art and other educational equipment and supplies were utilized in program services. In valuing those items, the Foundation utilizes third party valuation specialists to estimate fair value that is generally performed on the basis of recent comparable sale prices in the applicable market.

Rental Revenue

Rental revenue is recognized on a straight-line basis over the term of each tenant's lease agreement. Certain of ULREF's leases include scheduled rent increases during the lease term. For financial reporting purposes, the cumulative differences between rental revenue recognized on a straight-line basis and amounts contractually due under the lease are recorded as straight-line rent receivables. This balance, included in prepaids and other assets on the consolidated statements of financial position, was approximately \$4 million as of June 30, 2025.

Total revenues do not include sales tax because the Foundation is a pass-through conduit for collecting and remitting sales, use and other similar taxes.

Tax Incremental Financing (TIF) Revenues

TIF revenues are reimbursements from certain agreements between ULREF, the Commonwealth of Kentucky, and the Louisville/Jefferson County Metro Government. Revenues from these agreements are based on allocations of property taxes, sales and use tax, and income taxes, which vary based on the terms stated in each respective agreement and the amount of taxes collected throughout the year adjusted for inflation. Revenues are recognized when the agencies provide written notice they have completed the increment calculations. The TIF districts are located in downtown Louisville and the University's Belknap Campus area.

For the year ended June 30, 2025, ULREF recorded approximately \$8.4 million of TIF revenues.

Contributions Expense

ULREF provides University tenants with free or discounted rents. For the year ended June 30, 2025, the amounts of free or discounted rents recognized as contributions to University tenants were approximately \$1.4 million. ULREF also contributed a property located at 615 S. Preston Street to the University. This property was valued at \$950,000. These amounts are included in contribution expense and rental revenue on the consolidated statement of activities and changes in net assets.

Tax Status

The Foundation and primarily all of its affiliates are recognized by the Internal Revenue Service as exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC) as charitable organizations qualifying under IRC Section 501(c)(3), except for income taxes pertaining to unrelated

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

business income. Under U.S. GAAP, the tax effects from uncertain tax positions are to be recognized in the consolidated financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a tax authority. Certain ULF's affiliates are single-member limited liability companies, which are considered disregarded entities for tax purposes.

The Foundation completed an analysis of its uncertain tax positions in accordance with applicable accounting guidance and determined there are no amounts to be recognized on the consolidated financial statements at June 30, 2025.

NOTE 2 - REORGANIZATION

Effective July 1, 2024, the Foundation became the sole member of the ULREF through amendments to ULREF's Articles of Incorporation and Bylaws. As sole member, ULF obtained a controlling financial interest in ULREF and, accordingly, consolidates ULREF in its financial statements beginning on the acquisition date.

In accordance with Accounting Standards Codification (ASC) 805, *Business Combinations*, and ASC 958-805, *Not-for-Profit Business Combinations*, the ULREF assets acquired and liabilities assumed were recorded at their acquisition-date fair values. As a result of the reorganization, ULREF elected to apply pushdown accounting as of July 1, 2024. ULF engaged independent third parties to assist in the valuation of real estate and certain intangible assets, while other assets and liabilities were recorded at carrying amounts that approximate fair value.

Total assets of approximately \$377.1 million were acquired and total liabilities of approximately \$39.4 million were assumed as of July 1, 2024. No consideration was exchanged as a part of the reorganization and accordingly, ULF recognized inherent contribution revenue of approximately \$337.7 million within the consolidated statement of activities, equal to the fair value of total net assets acquired.

The following table summarizes the carrying value and fair value of assets acquired and liabilities assumed as of the date of the reorganization (in thousands):

<u>July 1, 2024</u>	<u>Carrying Value</u>	<u>Fair Market Value</u>
Investments in joint ventures	\$ 1,001	\$ 9,453
Intangibles	79,873	160,489
Capital assets, net	140,109	187,533
Other assets	<u>19,642</u>	<u>19,642</u>
Total assets	240,625	377,117
Less: total liabilities	<u>(39,412)</u>	<u>(39,412)</u>
Total net assets	<u>\$ 201,213</u>	<u>\$ 337,705</u>

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and scheduled principal payments on debt were as follows as of June 30 (in thousands):

	2025
Financial assets at year end:	
Cash and cash equivalents	\$ 9,781
Accounts receivable, net	1,468
Other receivables, net	1,000
Contributions receivable, net	9,616
Investments	1,080,257
Funds held in trust by others	78,814
Total financial assets	1,180,936
Less amounts not available to be used within one year:	
Endowments with donor restrictions, net of current year spending appropriations	(708,880)
Quasi-endowments established by the board, net of current year spending appropriations	(230,282)
Funds held in trust by others	(72,934)
Contributions receivable not due within one year, net	(4,705)
	\$ 164,135

The Foundation has certain board-designated assets limited to use that are available for general expenditure within one year in the normal course of operations. These assets are part of the governing board-designated policy and included in the information above. It is the Foundation's practice to utilize the income from the endowments for operations; however, the entire amount could be made available, if necessary.

NOTE 4 - NET ASSETS

Net assets with donor restrictions consisted of the following at June 30 (in thousands):

	2025
Perpetual in nature	\$ 471,529
Purpose or time restricted	
Instruction	22,400
Research	193,084
Academic support	144,358
Student services and financial aid	109,280
Institutional support	43,643
Other	17,050
Funds held in trust by others	78,814
	\$ 1,080,158

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or other events specified by the donor consisted of the following for the year ended June 30 (in thousands):

	2025
Instruction	\$ 1,223
Research	25,608
Academic support	14,472
Student services and financial aid	11,862
Institutional support	10,119
Other	3,399
	\$ 66,683

Net assets without donor restrictions is comprised of undesignated and board-designated amounts for the following purposes at June 30 (in thousands):

	2025
Undesignated	\$ 22,388
Board-designated	
Research	11,991
Student services and financial aid	5,232
Institutional support	25,673
Public service	300
ULREF undesignated	343,408
	\$ 408,992

NOTE 5 - DUE TO THE UNIVERSITY

In accordance with the Foundation's memorandum of understanding with the University, the Foundation receives and disburses monies on behalf of the University. The net amount of these receipts and disbursements approximated a payable of \$6.5 million as of June 30, 2025, which is recorded as an amount due to the University on the consolidated statements of financial position. Generally, the receivable or payable is cleared within the subsequent month; however, no formal agreement governs the time period in which payments are to be made.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

NOTE 6 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable are discounted using the rate on risk-free obligations of 3.7% for 2025. Contributions receivable, are due to be collected as follows as of June 30 (in thousands):

	2025
Less than one year	\$ 4,911
One to five years	10,392
Greater than five years	402
	15,705
Allowance for doubtful accounts	(5,417)
Unamortized discount	(672)
Contributions receivable, net	\$ 9,616

Conditional promises of gifts depend on the occurrence of a specific and uncertain event. The Foundation has not recorded these types of gifts on the consolidated financial statements. The fair market value of these conditional gifts is as follows as of June 30 (in thousands):

	2025
Bequests	\$ 319,398
Other	18,483
Total	\$ 337,881

NOTE 7 - ENDOWMENTS

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

The Foundation's Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted in the Commonwealth of Kentucky in July 2010, as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. This policy is consistent for both donor-restricted endowment funds and board-designated endowment funds that have donor restrictions.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The composition of net assets by type of endowment fund at June 30 was as follows (in thousands):

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 752,247	\$ 752,247
Board-designated endowment funds	43,196	197,878	241,074
	<u>\$ 43,196</u>	<u>\$ 950,125</u>	<u>\$ 993,321</u>

Changes in endowment net assets for the year ended June 30 were as follows (in thousands):

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 41,284	\$ 897,954	\$ 939,238
Investment return, net	3,370	73,027	76,397
Contributions	100	9,783	9,883
Appropriations	(794)	(35,286)	(36,080)
Other changes/transfers	(764)	4,647	3,883
Endowment net assets, end of year	<u>\$ 43,196</u>	<u>\$ 950,125</u>	<u>\$ 993,321</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the fair value level that the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with or without donor restrictions. There were no deficiencies at June 30, 2025. The Foundation's spending policy allows for a pro-rated amount of appropriations in certain instances of endowments with these deficiencies.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds that the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds.

Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that achieve a minimum net total return that is equal to the Foundation's spending rate plus inflation without the assumption of excessive investment risk. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income, such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within acceptable risk constraints.

The Foundation has a standing policy (i.e., "spending policy") of appropriating for expenditure each year a percentage of certain endowment funds' average market values over the prior twelve-quarters through the calendar year-end preceding the year in which expenditure is planned. The Foundation may adjust the spending policy for a given year to mitigate adverse market performance on the level of support provided to the University.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The Board of the Foundation approved a spending policy of 4.0% for fiscal year December 31, 2024 to 2025 and 4.25% for fiscal year December 31, 2025 to 2026 to support the academic units. In addition, 0.75% was allocated to fund the Foundation's general operations and fundraising efforts. The spending policy is calculated using a twelve-quarter moving average of certain market values as of December 31.

The annual return for total endowment assets was 8.8% in 2025.

NOTE 8 - INVESTMENTS

Investments as of June 30 are as follows (in thousands):

	<u>2025</u>
Cash equivalents	\$ 51,989
Alternative investments:	
Hedge funds	93,546
Investments in partnerships	566,512
Mutual funds:	
Equity	216,409
Fixed income	19,331
Domestic marketable equity securities	47,043
U.S. treasury debt securities	<u>85,427</u>
 Total investments	 <u>\$ 1,080,257</u>

The market risk inherent in certain of the Foundation's investments is primarily the potential loss arising from adverse changes in quoted market prices on equity securities and in interest rates on fixed income securities. To mitigate this market risk, the Foundation has adopted a policy of maintaining a diverse investment pool through the use of target asset allocation guidelines. These guidelines require that the Foundation's investment pool be made up of a mix of publicly traded fixed income and equity securities, private equities and other nonmarketable securities, and real estate investments.

A major portion of investments is pooled in the total endowment assets, which is the main endowment pool for the Foundation. The total endowment assets are pooled using a market value basis, with each individual fund subscribing to, or disposing of, units on the basis of the market value per unit at the end of the prior calendar month during which the transaction takes place.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Alternative Investments

The fair value of alternative investments has been estimated using the NAV per share of the investments. Alternative investments held at June 30 consisted of the following (in thousands):

	2025			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds ^(a)	\$ 93,546	\$ -	Various from monthly to illiquid	Various from 45 to 90 days
Investments in partnerships ^(b)	566,512	146,154	Various from monthly to illiquid	Various from 10 to 60 days

^(a) Hedge funds include investments in long and short primarily in U.S. common stocks, equity and fixed income instruments to profit from economic, political, and government driven events, and other strategies to diversify risks and reduce volatility. The fair values of hedge funds have been estimated using the net asset value per share of the investments.

^(b) Investments in partnerships include interests in private capital funds and other commingled fund structures organized as limited partnerships or similar entities. These partnerships may hold a wide range of underlying investments, including private operating companies, venture capital, real estate, derivatives, and publicly traded securities. Such investments are typically structured as limited partnerships or similar entities in which the investor does not have control over the underlying assets.

The fair value of investments is based on available information and does not necessarily represent amounts that might ultimately be realized, which depend on changing circumstances and cannot be reasonably determined until the investments are liquidated. The fair value may differ significantly from the values which would have been used had a ready market for the investments existed.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

NOTE 9 - FAIR VALUE MEASUREMENTS

The following tables present the fair value measurements of assets by class recorded at fair value on a recurring basis under ASC 820 at June 30 (in thousands):

	2025		
	Level 1	Level 2	Total
Cash equivalents	\$ 51,989	\$ -	\$ 51,989
Mutual funds:			
Equity	216,409	-	216,409
Fixed income	19,331	-	19,331
Domestic marketable equity securities	47,043	-	47,043
U.S. Treasury debt securities	85,427	-	85,427
Funds held in trust by others	-	78,814	78,814
	\$ 420,199	\$ 78,814	
Investments at NAV:			
Hedge funds			93,546
Investments in partnerships			566,512
Investments in joint ventures			9,713
			\$ 1,168,784

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized on the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. The Foundation does not have any assets classified as Level 3 of the fair value hierarchy.

There have been no significant changes in the valuation techniques during the year ended June 30, 2025.

Cash Equivalents

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy.

Investments

Level 1 securities include equity and fixed income mutual funds, along with domestic equity securities and U.S. Treasury securities, which are valued based on quoted market prices.

Funds Held in Trust by Others

Fair value is determined at the fair market values of the underlying marketable debt and equity securities in the beneficial trusts at June 30, 2025. The Foundation's fair value is determined based on its proportional beneficial interest in the trust, with the Foundation as the sole beneficiary of the majority of the trusts. Due to the nature of the valuation inputs, the interests are classified within Level 2 of the hierarchy.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

NOTE 10 - FUNDS HELD IN TRUST BY OTHERS

The Foundation has been designated by the University as the income beneficiary of various trusts and financial entities that are held and controlled by others. One of these is a perpetual and irrevocable trust known as the University of Louisville Trust (the Trust). It was created in 1983 to receive, administer, and invest assets that result from gifts to the Trust. The market value of the Trust was approximately \$36 million as of June 30, 2025. The Foundation's portion of the market value of the remaining trusts was approximately \$42.8 million as of June 30, 2025. These funds are invested in various equities and income-producing assets.

For the years ended June 30, 2025, the Foundation recorded income of \$8.5 million, from funds held in trusts by others, which is included in changes in funds held in trust by others on the consolidated statements of activities and changes in net assets.

NOTE 11 - CAPITAL ASSETS, NET

Capital assets, net at June 30 consist of the following (in thousands):

	2025
Land	\$ 76,689
Buildings	154,187
Other plant assets	24,602
	255,478
Accumulated depreciation	(25,015)
Construction in process	7,072
Total capital assets, net	\$ 237,535

Depreciation expense for the year ended June 30, 2025 was approximately \$4 million.

NOTE 12 - INTANGIBLE ASSETS

The approximate carrying basis and accumulated amortization of recognized intangible assets at June 30 were as follows (in thousands):

	2025	
	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets and liabilities:		
Tax incremental financing	\$ 160,489	\$ (8,665)

Amortization expense for the year ended June 30, 2025, was approximately \$8.7 million.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

At June 30, 2025, the amortization for acquired TIF intangibles, net during the next five years and thereafter, is as follows (in thousands):

2026	\$	8,665
2027		8,665
2028		8,665
2029		8,665
2030		8,665
Thereafter		<u>108,499</u>
Total	\$	<u>151,824</u>

NOTE 13 - INCOME TAXES

Deferred income taxes reflect the net tax effect of temporary differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted marginal tax rates and laws currently in effect. As of June 30, 2025, ULREF's deferred income tax assets, net of valuation allowances of approximately \$599,000, were \$536,000. Net operating loss carryforwards were approximately \$5.4 million at June 30, 2025; these begin to expire in 2036. No income tax expense was recorded in the year ended June 30, 2025.

NOTE 14 - FUNDS HELD IN TRUST FOR OTHERS

The Foundation is the custodian of funds owned by the Association. The Association is a separate corporation organized for the purpose of promoting the intercollegiate athletic activities of the University. As of June 30, 2025, the Foundation held approximately \$4.1 million, for the Association's investment purposes.

The Foundation entered into an agreement with Legacy Foundation of Kentuckiana, formerly Jewish Hospital & St. Mary's Healthcare, Inc. (Jewish Hospital) whereby the Foundation serves in an agency capacity to invest funds on behalf of Jewish Hospital. Jewish Hospital is a separate corporation organized for the purpose of providing health care services. As of June 30, 2025, the Foundation held approximately \$12 million, for Jewish Hospital's investment purposes.

The Foundation was the recipient of endowed funds, the income of which shall be used in support of the Louisville Orchestra. As of June 30, 2025, the Foundation held approximately \$300,000 for the benefit of the Louisville Orchestra.

The Foundation, acting in an agent capacity, does not reflect earnings on investments held in trust for others on the consolidated statements of activities, since these earnings are distributed to the owners of the funds.

University of Louisville Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

NOTE 15 - BONDS AND NOTES PAYABLE

Bonds and notes payable consist of the following at June 30 (in thousands):

	2025
Bonds and notes payable	\$ 64,263
Less: bond issuance costs	(508)
	\$ 63,755

In August 2013, the Foundation issued \$37.5 million of University of Louisville Foundation, Inc. Taxable Fixed Rate Bonds Series 2013 (2013 bonds). Principal payments of \$960,000 to \$2.5 million are due annually through maturity, and interest is due semiannually at fixed rates from 4.3% to 5.6%. Final maturity on the 2013 bonds is March 1, 2043.

In August 2024, 220 South Preston, LLC refinanced its note with a financial institution at a rate equal to the daily SOFR plus 125 basis points (1.25%). Principal is payable in equal quarterly installments beginning September 1, 2024, with final maturity on June 1, 2029. The agreement requires Preston to maintain a minimum debt service coverage ratio of 1.00 to 1.00. As of June 30, 2025, Preston was in compliance with this covenant.

In November 2018, ULREF signed a promissory note with a financial institution to refinance three dorms, Bettie Johnson Hall, Kurz Hall, and Community Park. The promissory note has a fixed interest rate of 4.77%, 20-year amortization, with monthly principal and interest payments until maturity date of December 1, 2038.

Principal payments on the above obligations due in the next five years and thereafter as of June 30, 2025 are as follows (in thousands):

2026	\$ 3,078
2027	3,351
2028	3,491
2029	4,810
2030	3,337
Thereafter	46,196
	\$ 64,263

NOTE 16 - GUARANTEES

Loan

In December 2010, ULF guaranteed 51% of the outstanding loan of Campus One through September 1, 2028. As of June 30, 2025 the amount under guarantee was \$5.2 million.

The Foundation has not made any payments on this guarantee to date.

Lease Guarantee

In December 2006, the Foundation became the guarantor of payments due to University Faculty Office Building, LLC (UFOB) under the Master Lease agreement between the Medical School Practice Association, Inc. (MSPA) and UFOB. The Foundation has guaranteed the full and prompt payment of all

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

amounts due to UFOB, including any damages for default and payments to reimburse UFOB for any costs and expenses incurred by UFOB to cure any default by MSPA. The initial lease term is 15 years, which began in July 2008. The annual lease payments due from MSPA to UFOB are approximately \$3.5 million, with an annual inflation of 3%. The Foundation has not made any payments on this guarantee to date.

NOTE 17 - RELATED-PARTY TRANSACTIONS

Included in the spending policy contribution to the University is a specific component designed to approximate the Foundation's allocated portion of salaries, benefits, and certain other administrative support costs related to fundraising and advancement. This amount was approximately \$5 million for the year ended June 30, 2025, and are included in contributions and allocations to the University departments on the consolidated statements of activities and changes in net assets.

For the year ended June 30, 2025, the Foundation recorded approximately \$5.4 million, in revenues from the University and related affiliates, which is included in rental revenues and other revenues on the consolidated statements of activities and changes in net assets.

NOTE 18 - LEASING ACTIVITIES

The Foundation, through its consolidated subsidiaries ULREF and ULDC, leases certain real estate and facilities to third-party tenants and to joint venture entities under non-cancelable operating and ground lease agreements. As of June 30, 2025, ULF had various leases expiring monthly to 81 years, through 2106. Rental income from these leases and ground lease agreements is recognized on a straight-line basis over the related lease terms and is reported as rental income in the accompanying consolidated statements of activities.

Rental revenue for the year ended June 30 was as follows (in thousands):

	<u>2025</u>
Base minimum rents	\$ 19,535
Common area maintenance	346
	<u>\$ 19,881</u>

Future lease payments due to ULF on noncancelable leases are as follows (in thousands):

2026	\$ 8,113
2027	7,096
2028	6,230
2029	5,220
2030	3,566
Thereafter	45,346
	<u>\$ 75,571</u>

Included in the amounts above is a certain property that requires ULREF to pay approximately \$450,000 annually in rent for 10 years, with escalating provisions during the lease term. This property is subleased to the University. The basic provisions of ULREF's sublease for this property are equal to ULREF's lease commitment.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

NOTE 19 - FUNCTIONAL EXPENSES

The Foundation's primary program service is contributions and allocations to the University. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques as follows:

Expenses	Method of Allocation
Salaries	Time and effort
Utilities	Square footage
General and administrative	Time and effort
Professional services	Time and effort
Depreciation and amortization	Square footage

Expenses by functional classification for the year ended June 30, were as follows (in thousands):

	2025				
	Program Services	Real Estate Operations	Management and General	Fundraising	Total
Contributions and allocations to University of Louisville departments	\$ 60,111	\$ 2,136	\$ -	\$ 5,000	\$ 67,247
Contributions and allocations to UofL Health - Louisville, Inc.	2,388	-	-	-	2,388
Salaries	-	3,875	836	-	4,711
Utilities	-	2,389	28	-	2,417
General and administrative	-	3,361	588	-	3,949
Lease expense	-	1,306	-	-	1,306
Professional services	-	2,036	390	-	2,426
Repairs and maintenance	-	4,777	-	-	4,777
Depreciation and amortization	-	13,511	39	-	13,550
Interest expense	-	1,765	1,629	-	3,394
Other expenses	-	-	587	-	587
Total expenses	62,499	35,156	4,097	5,000	106,752
Provision for uncollectible contributions receivable	-	-	-	1,791	1,791
Actuarial gain on annuity and unitrust obligations	36	-	-	-	36
Total expenses and losses	\$ 62,535	\$ 35,156	\$ 4,097	\$ 6,791	\$ 108,579

Interest expense attributable to more than one functional expense category is allocated based on the underlying nature of the debt.

University of Louisville Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

NOTE 20 - COMMITMENTS AND CONTINGENCIES

The Foundation is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. Management assesses the probable outcome of unresolved litigation and records estimated settlements, if applicable. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material effect on the consolidated financial position, results of activities, and changes in net assets and cash flows of the Foundation.

NOTE 21 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 30, 2025, which is the date the consolidated financial statements were issued. No events were identified that required recognition and/or disclosure in the consolidated financial statements.

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

**University of Louisville Real Estate
Foundation, Inc. and Affiliates**

June 30, 2025

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

University of Louisville Real Estate Foundation, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of University of Louisville Real Estate Foundation, Inc. and Affiliates (the "Entity"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of June 30, 2025, and the results of its operations 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Entity 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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.

Grant Thornton LLP

Chicago, Illinois
September 30, 2025

University of Louisville Real Estate Foundation, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2025
(In thousands)

ASSETS

Cash	\$	7,438
Accounts receivable, net		1,399
Short-term investments		12,187
Prepays and other assets		8,687
Investments in joint ventures		8,416
Intangibles, net		151,824
Capital assets, net		225,302
		<hr/>
Total assets	\$	<u>415,253</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	1,504
Other liabilities		2,204
Notes payable		35,052
Due to the University of Louisville Foundation, Inc.		33,084
		<hr/>

Total liabilities 71,844

Net assets without donor restrictions 343,409

Total liabilities and net assets \$ 415,253

The accompanying notes are an integral part of this consolidated financial statement.

University of Louisville Real Estate Foundation, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2025
(In thousands)

Revenues, gains, and other support	
Rental revenue	\$ 19,860
Net investment return	410
Tax incremental financing revenues	8,376
Other revenue and gains	<u>5,057</u>
Total revenues, gains, and other support	<u>33,703</u>
Expenses	
Contribution expense	2,136
Salaries	3,875
General and administrative	3,361
Lease expense	1,306
Professional services	1,856
Utilities	2,320
Repairs and maintenance	4,068
Depreciation and amortization	13,305
Interest expense	<u>1,765</u>
Total expenses	<u>33,992</u>
CHANGES IN NET ASSETS	<u>(289)</u>
Net assets, beginning of year	-
Effect of reorganization (see Note 2)	
Net asset value transferred	337,705
Common control transfers	<u>5,993</u>
Adjusted net assets, beginning of year	<u>343,698</u>
Net assets, end of year	<u><u>\$ 343,409</u></u>

The accompanying notes are an integral part of this consolidated financial statement.

University of Louisville Real Estate Foundation, Inc. and Affiliates

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30, 2025

(In thousands)

Operating activities

Changes in net assets	\$ (289)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Contribution of capital assets to the University	950
Depreciation and amortization	13,305
Investments in joint ventures losses	257
Deferred tax assets	211
Changes in assets and liabilities:	
Accounts receivable	518
Prepays and other assets	490
Accounts payable and other liabilities	(170)
Due to the University of Louisville Foundation, Inc.	(1,202)
	14,070
Net cash provided by operating activities	14,070

Investing activities

Distributions from joint ventures	781
Purchases of investments	(20,112)
Proceeds from sales of investments	17,465
Purchase of capital assets	(8,890)
	(10,756)
Net cash used in investing activities	(10,756)

Financing activities

Payments on debt	(2,145)
	(2,145)
Net cash used in financing activities	(2,145)

NET CHANGE IN CASH

1,169

Cash, beginning of year

6,269

Cash, end of year

\$ 7,438

Supplemental cash flow information

Cash paid for interest	\$ 1,752
	1,752

Noncash investing activities

Contributions of capital assets to the University	\$ 950
	950

The accompanying notes are an integral part of this consolidated financial statement.

University of Louisville Real Estate Foundation, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The University of Louisville Real Estate Foundation, Inc. (ULREF) was formed in November 2014. ULREF's mission is to acquire, maintain, improve, leverage, manage, lease, and convey real and personal property for the benefit of the University of Louisville (the University). ULREF has been designated by the University and the University of Louisville Foundation, Inc. and Affiliates (ULF or the Foundation) to receive funds derived from gifts and other sources. As directed by its Board of Directors (the Board), ULREF transfers a portion of its unrestricted resources to support a variety of activities of the University.

Effective July 1, 2024, ULF became the sole member of ULREF through amendments to ULREF's Articles of Incorporation and Bylaws. As sole member, ULF obtained a controlling financial interest in ULREF and, accordingly, consolidates ULREF in its financial statements beginning on the acquisition date. Refer to Note 2 for further disclosure.

ULREF is a discretely presented component in the financial statements of the University.

The accompanying consolidated financial statements include the balances and transactions of ULREF and its affiliates, including the following:

220 South Preston, LLC (Preston) is a limited liability company formed in October 2014 with a 70-year term, whose original members were ULREF and NTS Realty Holdings Limited Partnership (NTS), an unrelated entity. Its purpose is to develop, construct, and manage a parking garage near the health sciences campus of the University. In March 2020, NTS executed its put option to sell its interest in Preston to ULREF. ULREF is now the sole member of Preston.

Cardinal Station, LLC (Cardinal Station) is a limited liability company formed in February 2008, whose membership interest was assigned by the Foundation to ULREF in September 2015. Its purpose is to develop and manage the real estate operations of Cardinal Station. ULREF is the sole member of Cardinal Station.

KYT - Louisville, LLC (KYT) is a limited liability company formed in November 2008, whose membership interest was assigned by the Foundation to ULREF in June 2016. Its purpose is to develop and manage the real estate purchase and development of property adjacent to the University. ULREF is the sole member of KYT.

Johnson Hall, LLC is a limited liability company formed in October 2016 with ULREF as its sole member. Its purpose is to manage the operations of Bettie Johnson Hall, a dormitory located on the University's Belknap Campus.

Kurz Hall, LLC is a limited liability company formed in October 2016 with ULREF as its sole member. Its purpose is to manage the operations of Kurz Hall, a dormitory located on the University's Belknap Campus.

Community Park, LLC is a limited liability company formed in October 2016 with ULREF as its sole member. Its purpose is to manage the operations of Community Park, a dormitory located on the University's Belknap Campus.

515 Building, LLC is a limited liability company formed in June 2022 with ULREF as its sole member. Its purpose is to manage the operations of a building located at 515 W. Market Street.

248 E. Market, LLC is a limited liability company formed in October 2022 with ULREF as its sole member. Its purpose is to manage the operations of a building located at 248 E. Market Street.

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

208 E. Market, LLC is a limited liability company formed in January 2025 with ULREF as its sole member. Its purpose is to manage the operations of a building located at 248 E. Market Street.

UL Cardinal Center, LLC is a limited liability company formed in January 2025 with ULREF as its sole member. Its purpose is to manage the development and operations of property located at 1900 S 3rd Street and 1901 S. 4th Street.

300 E. Market, LLC (formerly TNRP, LLC) is a limited liability company formed in November 2020. Its purpose is to develop the property and improvements located at the corner of Market and Shelby Streets in Louisville, Kentucky, commonly known as the Atria Support Center Building. 300 E. Market, LLC is the successor entity to TNRP. ULREF became the sole member of 300 E. Market, LLC in December 2024.

CCG, LLC (CCG) is a limited liability company formed in December 2013. Its purpose is to acquire and operate a first-class collegiate golf practice facility located in Shelby County, Kentucky. Formally known as the Cardinal Club, CCG is managed by the University of Louisville Athletic Association (the Association). ULREF became the sole member of CCG in December 2024.

The following entities were formed in December 2024. As part of the reorganization detailed in Note 2, interests in these entities were transferred from ULF to ULREF. At June 30, 2025, ULREF was the sole member of these entities.

North Quad, LLC is a limited liability formed to operate and manage an actively leased commercial office and light manufacturing facility located at Brandeis Avenue and Floyd Street.

1820 Arthur Street, LLC is a limited liability company formed to operate and manage an actively leased warehouse facility.

Field Hockey, LLC is a limited liability company formed to hold the land on which the Cardinal Park Field Hockey stadium is located, which is owned and operated by University of Louisville Athletics.

Rock Lots, LLC is a limited liability company formed to hold land located on Second Street.

All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the consolidated financial statements. Estimates could affect the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At June 30, 2025, ULREF's cash accounts exceeded federally insured limits. ULREF has not experienced any losses in such accounts. Management believes that ULREF is not exposed to any significant credit risk on cash.

Accounts Receivable, Net

Accounts receivable, net consists primarily of rental income receivables, along with other receivable balances. ULREF regularly evaluates the collectability of these amounts and maintains an allowance for credit losses to cover estimated losses from customers who may be unable to meet their payment

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

obligations under existing agreements. As of June 30, 2025, the allowance for credit losses was approximately \$390,000.

Short-Term Investments

ULREF categorizes its short-term investments as Level 1 fair value assets, and observes quoted prices for similar assets or liabilities in active markets that it has the ability to access.

Investments in Joint Ventures

In December 2014, ULREF became a 51% owner of Campus Three, LLC (Campus Three). In March 2016, ULREF received a 51% ownership interest in Campus Two, LLC (Campus Two) from the Foundation. These joint ventures build and manage commercial real estate property on the University's Shelby Campus.

The Foundation entered into ground leases to develop a portion of the University's Shelby Campus property. On or about the date of each respective lease, ULREF and NTS entered into a Development Agreement, an Operating Agreement, and a Management Agreement, which state that NTS Development Company (NTS DevCo) will be the developer and NTS Management Company (NTS Mgt Co) will be the manager, and which provide for management, leasing, and development fees to be paid by ULREF to NTS DevCo and NTS Mgt Co. The initial term of the Operating Agreement is 10 years. Campus Two and Campus Three may terminate the Management Agreement for cause upon 60 days' written notice at any time. NTS may terminate the Management Agreement without cause upon 60 days' written notice or terminate the Management Agreement for cause at any time upon prior written notice, and, in such case, NTS may require ULREF to purchase NTS's interest in Campus Three and/or in Campus Two.

ULREF has evaluated these investments as variable interest entities (VIEs) in accordance with Accounting Standards Codification 810, *Consolidation*. A legal entity is referred to as a VIE if any of the following conditions exist: (1) the total equity investment at risk is insufficient to permit the legal entity to finance its activities without additional subordinated financial support from other parties, or (2) the entity has equity investors who cannot make significant decisions about the entity's operations or who do not absorb their proportionate share of the expected losses or receive the expected returns of the entity.

A VIE's primary beneficiary is the entity that has the power to direct the VIE's significant activities and has an obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE. A VIE must be consolidated if an entity is deemed to be the primary beneficiary of the VIE.

All facts and circumstances are taken into consideration when determining whether ULREF has variable interests that would deem it the primary beneficiary and therefore require consolidation of the related VIE or otherwise rise to the level where disclosure would provide useful information to the users of ULREF's consolidated financial statements. In many cases, it is qualitatively clear based on whether ULREF has the power to direct the activities significant to the VIE and, if so, whether that power is unilateral or shared, and whether ULREF is obligated to absorb significant losses of, or has a right to receive, significant benefits from the VIE. In other cases, a more detailed qualitative analysis and possibly a quantitative analysis are required to make such a determination.

ULREF monitors the consolidated and unconsolidated VIEs to determine whether any reconsideration events have occurred that could cause any of them to no longer be a VIE. ULREF reconsiders whether it is the primary beneficiary of a VIE on an ongoing basis. A previously unconsolidated VIE is consolidated when ULREF becomes the primary beneficiary. A previously consolidated VIE is deconsolidated when ULREF ceases to be the primary beneficiary or the entity is no longer a VIE.

ULREF has concluded that it is not the primary beneficiary in any of these investments, and, therefore, these investments are accounted for using the equity method of accounting.

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

MedCenter Parking, LLC

MedCenter Parking, LLC (MedCenter), located at 501 E. Broadway, is a limited liability company formed in June 2001 whose members are ULREF (50%) and Big A, LLC (50%), an unrelated party. Its purpose is to operate and manage parking space near the MedCenter One building on E. Broadway. The following is a summary of the investments in joint ventures as of June 30 (in thousands):

	2025
Campus Two	\$ 5,345
Campus Three	2,718
MedCenter	353
	\$ 8,416

The following is a summary of ULREF's share of joint venture gains (losses) for the year ended June 30 (in thousands):

	2025
Campus Two	\$ 150
Campus Three	(407)
	\$ (257)

Investments in joint ventures are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the investment might not be recoverable. No impairment was recognized for the year ended June 30, 2025.

Amortized Intangible Assets

TIF intangibles were revalued in connection with the ULF-ULREF reorganization, as described in Note 2. The value of the intangibles was derived by discounting projected future increment payments over the remaining life of the Louisville Life and Health Sciences and University of Louisville Research Park Project TIF agreements.

The TIF intangible assets are being amortized over the remaining 16 to 19 years. Such assets are periodically evaluated as to the recoverability of their carrying values.

Capital Assets

Capital assets are stated at cost, if purchased, and at fair value at the date of the gift, if acquired by contribution. Depreciation on capital assets is charged to expense using the straight-line method based on their estimated useful lives.

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The estimated useful lives for each major depreciable classification of capital assets are as follows:

Asset Category	Useful Life	Capitalization Threshold
Buildings and land improvements	40 years	\$ 50,000
Tenant improvements	Life of lease	\$ 50,000
Furniture, fixtures and equipment	3 years	\$ 5,000

Long-Lived Asset Impairment

ULREF evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended June 30, 2025.

Rental Revenue

Rental revenue is recognized on a straight-line basis over the term of each tenant's lease agreement. Certain of ULREF's leases include scheduled rent increases during the lease term. For financial reporting purposes, the cumulative differences between rental revenue recognized on a straight-line basis and amounts contractually due under the lease are recorded as straight-line rent receivables. This balance, included in prepaids and other assets on the consolidated statements of financial position, was approximately \$3.2 million as of June 30, 2025.

Tax Incremental Financing (TIF) Revenues

TIF revenues are reimbursements from certain agreements between ULREF, the Commonwealth of Kentucky, and the Louisville/Jefferson County Metro Government. Revenues from these agreements are based on allocations of property taxes, sales and use tax, and income taxes, which vary based on the terms stated in each respective agreement and the amount of taxes collected throughout the year adjusted for inflation. Revenues are recognized when the agencies provide written notice they have completed the increment calculations. The TIF districts are located in downtown Louisville and the University's Belknap Campus area.

For the year ended June 30, 2025, ULREF recorded approximately \$8.4 million of TIF revenues.

Contributions Expense

ULREF provides University tenants with free or discounted rents. For the year ended June 30, 2025, the amounts of free or discounted rents recognized as contributions to University tenants were approximately \$1.4 million. ULREF also contributed a property located at 615 S. Preston Street to the University. This property was valued at \$950,000. These amounts are included in contribution expense and rental revenue on the consolidated statement of activities and changes in net assets.

Tax Status

ULREF is recognized by the Internal Revenue Service as exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC) as charitable organizations qualifying under IRC Section 501(c)(3), except for income taxes pertaining to unrelated business income. Under U.S. GAAP, the tax

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

effects from uncertain tax positions are to be recognized in the consolidated financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a tax authority.

The remainder of ULREF's affiliates are single-member limited liability companies, which are considered disregarded entities for tax purposes.

Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a natural classification basis on the consolidated statement of activities and changes in net assets.

Expenses by functional classification were as follows (in thousands):

	2025	
	Program Services	Management and General
Contribution expense	\$ 2,136	\$ -
Salaries	3,875	-
General and administrative	-	3,361
Lease expense	-	1,306
Professional services	-	1,856
Utilities	2,320	-
Repairs and maintenance	4,068	-
Depreciation and amortization	13,305	-
Interest expense	1,765	-
	\$ 27,469	\$ 6,523
Total expenses		

NOTE 2 - REORGANIZATION

In accordance with Accounting Standards Codification (ASC) 805, *Business Combinations*, and ASC 958-805, *Not-for-Profit Business Combinations*, the ULREF assets acquired and liabilities assumed by ULF were recorded at their acquisition-date fair values. As a result of the reorganization, ULREF elected to apply pushdown accounting as of July 1, 2024. Accordingly, the financial statements reflect the fair value of assets and liabilities as determined by ULF as of the date of the reorganization. ULF engaged independent third parties to assist in the valuation of real estate and certain intangible assets, while other assets and liabilities were recorded at carrying amounts that approximate fair value.

Total assets of approximately \$377.1 million and total liabilities of approximately \$39.4 million were transferred as of July 1, 2024. No consideration was exchanged as a part of the reorganization and accordingly, ULF recognized inherent contribution revenue of approximately \$337.7 million, equal to the fair value of net assets acquired. ULREF recognized the impact of the reorganization and related pushdown accounting within the consolidated statement of changes in net assets.

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The following table summarizes the carrying value and fair value of assets acquired and liabilities assumed as of the date of the reorganization:

<u>July 1, 2024</u>	<u>Carrying Value</u>	<u>Fair Market Value</u>
Investments in joint ventures	\$ 1,001	\$ 9,453
Intangibles	79,873	160,489
Capital assets, net	140,109	187,533
Other assets	<u>19,642</u>	<u>19,642</u>
Total assets	240,625	377,117
Less: total liabilities	<u>(39,412)</u>	<u>(39,412)</u>
Total net assets	<u>\$ 201,213</u>	<u>\$ 337,705</u>

During FY25, ULF transferred 100% of its membership interests in several real estate-related LLCs to ULREF. The transfers included interests in 300 E. Market Street, LLC, CCG-Louisville, LLC North Quad, LLC, 1820 Arthur Street, LLC, Field Hockey, LLC, and Rock Lots, LLC. Each entity operates or holds real estate assets that contribute to ULREF's operations.

These transfers qualify as common control transactions under ASC 805-50, as ULF maintained continuous control of both the transferring and receiving entities before and after the transfers. The addition of these properties materially increased the scale of ULREF's operations and changed the composition of its financial statements. Accordingly, the transfers are accounted for as a change in reporting entity, with retrospective presentation applied to all periods under common control.

The following table summarizes the carrying value of assets and liabilities transferred under common control as of the date of the reorganization:

<u>July 1, 2024</u>	<u>Carrying Value</u>
Capital assets, net	\$ 33,854
Other assets	<u>8,050</u>
Total assets	41,904
Less: total liabilities	<u>(35,911)</u>
Total net assets	<u>\$ 5,993</u>

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and scheduled principal payments on debt at June 30, are as follows (in thousands):

	2025
Financial assets at year-end:	
Cash	\$ 7,438
Accounts receivable	1,399
Short-term investments	12,187
Total financial assets	\$ 21,024

As part of its liquidity plan, ULREF invests excess cash in short-term investments, such as money market accounts.

NOTE 4 - CAPITAL ASSETS, NET

Capital assets, net at June 30 consist of the following (in thousands):

	2025
Land and land improvements	\$ 82,595
Buildings	149,653
Building improvements	4,133
Tenant finish	10
Furniture, fixtures, and equipment	2,233
	238,624
Accumulated depreciation	(19,407)
Construction-in-progress	6,085
Total capital assets, net	\$ 225,302

Depreciation expense for the year ended June 30, 2025, was approximately \$4.0 million.

NOTE 5 - INTANGIBLE ASSETS

The approximate carrying basis and accumulated amortization of recognized intangible assets at June 30 were as follows (in thousands):

	2025	
	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets and liabilities:		
Tax incremental financing	\$ 160,489	\$ (8,665)

Amortization expense for the year ended June 30, 2025, was approximately \$8.7 million.

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

At June 30, 2025, the amortization for acquired TIF intangibles, net during the next five years and thereafter, is as follows (in thousands):

2026	\$	8,665
2027		8,665
2028		8,665
2029		8,665
2030		8,665
Thereafter		108,499
Total	\$	151,824

NOTE 6 - INCOME TAXES

Deferred income taxes reflect the net tax effect of temporary differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted marginal tax rates and laws currently in effect. As of June 30, 2025, ULREF's deferred income tax assets, net of valuation allowances of approximately \$599,000, were \$536,000. Net operating loss carryforwards were approximately \$5.4 million at June 30, 2025; these begin to expire in 2036. No income tax expense was recorded in the year ended June 30, 2025.

NOTE 7 - NOTES PAYABLE

Debt on the consolidated statements of financial position consists of the following at June 30 (in thousands):

		2025
Permanent financing - Preston	\$	3,038
Northwestern mutual loan - housing		32,285
Total debt		35,323
Less: debt issuance costs		(271)
Debt	\$	35,052

In August 2024, 220 South Preston, LLC refinanced its note with a financial institution at a rate equal to the daily SOFR plus 125 basis points (1.25%). Principal is payable in equal quarterly installments beginning September 1, 2024, with final maturity on June 1, 2029. The agreement requires Preston to maintain a minimum debt service coverage ratio of 1.00 to 1.00. As of June 30, 2025, Preston was in compliance with this covenant.

In November 2018, ULREF signed a promissory note with a financial institution to refinance three dorms, Bettie Johnson Hall, Kurz Hall, and Community Park. The promissory note has a fixed interest rate of 4.77%, 20-year amortization, with monthly principal and interest payments until maturity date of December 1, 2038.

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

A summary of scheduled principal payments on the above obligations is as follows (in thousands):

2026	\$	2,078
2027		2,306
2028		2,396
2029		3,660
2030		2,121
Thereafter		22,762
	\$	35,323

NOTE 8 - RELATED-PARTY TRANSACTIONS

ULREF entered into a service agreement with the Foundation to provide certain administrative support. For the year ended June 30, 2025, ULREF recorded expense approximating \$696,000, which is included in professional services on the consolidated statement of activities and changes in net assets.

ULREF leases certain of its properties to University-related affiliates under operating lease agreements that expire in various years through 2026. Rental income recognized from these tenants was approximately \$5.4 million in 2025.

NOTE 9 - LEASING ACTIVITIES

ULREF leases space to tenants under noncancelable operating leases. As of June 30, 2025, ULREF had various leases expiring monthly to 81 years, through 2106. These leases generally require ULREF to pay all executory costs (property taxes, maintenance, and insurance).

Rental revenue for the year ended June 30 was as follows (in thousands):

		2025
Base minimum rents	\$	19,514
Common area maintenance		346
	\$	19,860

Future leasing rent payments due to ULREF on noncancelable leases are as follows (in thousands):

Year Ending June 30:

2026	\$	7,814
2027		6,797
2028		5,931
2029		4,921
2030		3,267
Thereafter		30,291
Total	\$	59,021

University of Louisville Real Estate Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Included in the amounts above is a certain subleased property that requires ULREF to pay approximately \$450,000 annually in rent for 10 years, with escalating provisions during the lease term. The basic provisions of ULREF's sublease for this property are equal to its lease commitment.

NOTE 10 - SUBSEQUENT EVENTS

ULREF has evaluated and disclosed subsequent events through September 30, 2025, which is the date the accompanying consolidated financial statements were issued. No events were identified that required recognition and/or disclosure in the consolidated financial statements.



September 30, 2025

Grant Thornton LLP
171 N. Clark Street, Suite 200
Chicago, IL 60601

We are providing this letter in connection with your audit of the consolidated financial statements of University of Louisville Foundation, Inc and its subsidiaries (collectively, the "Entity"), which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities, and change in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements. We understand that your audit was made for the purpose of expressing an opinion as to whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

We have fulfilled our responsibility, as set out in the terms of the Engagement Letter, for the preparation and fair presentation of the consolidated financial statements in accordance with US GAAP. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error or fraud, including programs and controls to prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of September 29, 2025, the following representations made to you during your audit.

1. The consolidated financial statements referred to above, including the related notes, have been prepared and are fairly presented in accordance with US GAAP.
2. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the consolidated financial statements, including all financial records, documentation of internal control over financial reporting and federal financial assistance, and related information
 - b. Additional information you have requested for audit purposes
 - c. Unrestricted access to persons from whom you determined it necessary to obtain audit evidence
 - d. Minutes of the meetings of boards of directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
3. There have been no communications, written or oral, from regulatory agencies or others concerning noncompliance with, or deficiencies in, financial reporting practices.
4. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
5. We believe that the effects of the uncorrected financial statement misstatements in the accompanying schedule are immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole.
6. There are no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

7. We understand that generative AI (genAI) refers to a subset of deep learning based on probabilistic technology that can create content, including text, images, audio, or video, when prompted by a user. We have not deployed genAI technology for use in financial reporting or internal control over reporting. (Revise the following two representations to describe identified or suspected fraud; discuss the appropriate language with the PPD, NPPD, and RRLA.
8. There are no significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting of which we are aware.
9. We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud. We have no knowledge of fraud or suspected fraud affecting the Entity involving:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the consolidated financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Entity's consolidated financial statements received in communications from employees, former employees, analysts, regulators, or others.
11. There are no known violations or possible violations of, or no known instances of noncompliance or suspected noncompliance with, laws, including charitable registration laws, regulations, contracts, grant agreements, donor restrictions, or other matters whose effects should be considered by management when preparing the consolidated financial statements, as a basis for recording a loss contingency or for disclosure. We are responsible for and have complied with all laws, including charitable registration laws, regulations, contracts, grant agreements, donor restrictions, and other matters. In addition, there are no known investigations or legal proceedings that have been initiated during the reporting period.
12. The Entity's assets and liabilities are appropriately classified and releases from restriction and reclassifications between net asset categories are appropriate.
13. The Entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
14. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable.

Events or changes in circumstances may include a significant decrease in the market price, change in the use of an asset, adverse changes in the business or legal climate, loss of customers, operating or cash flow losses, an expectation to sell assets before the end of the previously estimated life, and costs in excess of amounts to acquire or build an asset.

15. The consolidated financial statements include all assets and liabilities under the Entity's control.
16. We have disclosed to you the identity of all the Entity's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions and related amounts receivable from or payable to related parties (including sales, purchases, loans, transfers, leasing arrangements, and guarantees) have been properly accounted for and disclosed in the consolidated financial statements in accordance with US GAAP.

We understand that "related parties" include (1) affiliates of the Entity; (2) entities for which investments in their equity securities would be required to be accounted for by the equity method by the investing entity; (3) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (4) principal owners of the Entity and members of their immediate families; and (5) management of the Entity and members of their immediate families.

Related parties also include (1) other parties with which the Entity may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (2) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership

interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

17. We have no knowledge of any business relationships, financial relationships, or other relationships that the Entity or its downstream affiliates (subsidiaries or investees) has with New Mountain Capital or its affiliates. We also acknowledge our responsibility for communicating to you all relationships, including business relationships, financial relationships, or other relationships, that the Entity or its downstream affiliates (subsidiaries or investees) are considering with New Mountain Capital or its affiliates. We have not identified any such relationships.

We understand that "business relationships" include (1) teaming arrangements, (2) alliances, (3) joint investments or joint ventures, and (4) vendor in the ordinary course arrangements. We also understand that "financial relationships" include (1) direct financial investments, (2) material, indirect financial investments, and (3) lending relationships.

18. We have no knowledge of any participation in, investment in, purchase of, or ownership of the debt of Grant Thornton Advisors LLC by the Entity or its downstream affiliates (subsidiaries or investees). We have informed the appropriate individuals that make investment decisions for the Entity and its downstream affiliates (subsidiaries or investees), including any investment committee and third-party investment advisors, if applicable, that participating in, investing in, purchasing, or owning the debt of Grant Thornton Advisors LLC may impair your independence. We also acknowledge that, if it comes to our attention that the Entity or its downstream affiliates (subsidiaries or investees) are considering participating in, investing in, purchasing, or otherwise owning the debt of Grant Thornton Advisors LLC, we will bring such matters to your attention immediately for further discussion and evaluation.
19. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with US GAAP (*FASB Accounting Standards Codification*[®] (ASC) 275, *Risks and Uncertainties*) are properly disclosed in the consolidated financial statements.

Significant estimates are estimates at the date of the statement of financial position that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

20. The methods, significant assumptions, and data used in making accounting estimates and the related disclosures, including those measured at fair value, are reasonable, are consistently applied, and result in a measurement appropriate to achieve recognition, measurement, or disclosure for financial statement and disclosure purposes in accordance with the financial reporting framework. In addition, the data used in making accounting estimates is accurate and complete. No events have occurred subsequent to the date of the consolidated financial statements through the date of this letter that would require adjustment to these estimates and fair value measurements, or the related disclosures included in the consolidated financial statements.
21. In accordance with US GAAP (*FASB Accounting Standards Codification*[®] (ASC) 820, *Fair Value Measurements and Disclosures*) the Entity has categorized its financial instruments, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs that are used to measure the securities fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.
22. In connection with the preparation of the consolidated financial statements we evaluated, in accordance with US GAAP (*FASB Accounting Standards Codification*[®] (ASC) 205, *Presentation of Financial Statements*), whether there were conditions or events that, when considered in the aggregate, raised substantial doubt about the Entity's ability to continue as a going concern for a period not less than one year from the date the consolidated financial statements are issued or available to be issued. Our evaluation was based on relevant conditions and events known and reasonably knowable at that date.
23. There are no financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

24. Guarantees, whether written or oral, under which the Entity is contingently liable have been properly accounted for and disclosed in the (consolidated) financial statements.
25. There are no known actual or possible litigation, claims, or assessments that our legal counsel has advised us are probable of assertion whose effects should be considered by management when preparing the consolidated financial statements and that should be accounted for and disclosed in accordance with US GAAP (*FASB Accounting Standards Codification*[®] (ASC) 450, *Contingencies*).
26. There are no other liabilities or gain or loss contingencies that are required to be accounted for or disclosed in accordance with US GAAP (ASC 450).
27. The Entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
28. The Entity has adequate controls over the receipt and recording of contributions.
29. An appropriate composition of assets needed to comply with all donor restrictions has been maintained.
30. The Entity has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted in the Commonwealth of Kentucky in July 2010, as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of its interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. This policy is consistent for both donor-restricted endowment funds and board-designated endowment funds that have donor restrictions.
31. We are not aware of any laws that place restrictions on net appreciation of donor-restricted endowments.
32. The basis for the allocation of functional expenses is reasonable and complies with the requirements of the Entity's various funding sources.
33. The Entity is a tax-exempt organization under the Internal Revenue Code. In addition, the Entity has maintained its tax-exempt status by conducting activities within the scope of its exemptions granted by the Internal Revenue Service.
34. The Entity is not subject to the California Nonprofit Integrity Act of 2004 ("SB 1262") and there were no changes in circumstances that would change this determination.
35. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date.
36. The Entity has complied with debt covenant requirements that could have a material impact on debt classification in the event of a non-compliance.
37. With respect to accounting for entities in which the Company holds a potential variable interest in accordance with ASC 810-10, Consolidation, "Variable Interest Entities" subsections (hereinafter referred to as "ASC 810-10"):
 - i. The Entity's consolidated financial statements are in accordance with the appropriate application of ASC 810-10 to all entities in which the Entity has an implicit or explicit interest or other direct or indirect involvement
 - ii. We understand that the appropriate application of ASC 810-10 to an entity could result in:
 - a. Consolidation, deconsolidation or exclusion of the entity from the Entity's financial statements
 - b. Disclosures about the entity, or
 - c. A determination that the provisions of ASC 810-10 do not apply to that entity
 - iii. We understand that the identification of an implicit variable interest involves determining whether the Entity may be indirectly absorbing or receiving the variability of an entity and that:
 - a. An implicit variable interest is an implied pecuniary interest in an entity that changes with changes in the fair value of the entity's net assets exclusive of variable interests

- b. Implicit variable interests may arise from transactions with related and (or) unrelated parties
- c. A company could have an implicit variable interest in a variable interest entity despite having no direct contractual interest in that entity.

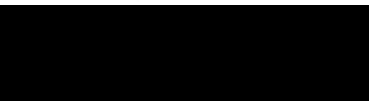
- iv. There are no potential variable interests, including implicit variable interests as described in ASC 810-10:
 - a. Held by the Entity in VIEs and potential VIEs
 - b. Held by the Entity's related parties (including parties with a de facto agency or de facto principal relationship with the Entity) in VIEs and potential VIEs in which the Entity also holds a potential variable interest (implicit or explicit).

- 38. We agree with the findings of specialists in evaluating the assets of the Entity in conjunction with reorganization and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give nor cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists. We did however provide the specialist with certain data and assumptions, which we believe are accurate to the best of our knowledge. We are responsible for the work performed and conclusions reached by the specialist.
- 39. We have identified all tangible and intangible assets acquired in the reorganization resulting in ULF becoming the sole member of ULREF.
- 40. No events have occurred subsequent to the date of the consolidated financial statements through the date of this letter that would require, in accordance with US GAAP, recognition or disclosure in the consolidated financial statements.

UNIVERSITY OF LOUISVILLE FOUNDATION



Keith Sherman, Executive Director Chief Operating Officer



Jake Robertson, Accounting Manager

Summary of misstatements (\$000s)

Management believes the unrecorded adjustments are immaterial to the financial statements based on an analysis of quantitative and qualitative factors. Unrecorded misstatements could be potentially material to future financial statements.

Description	Increase (Decrease) to:			
	Assets	Liabilities	Net assets	Net Income
Uncorrected misstatements				
ULF				
1 Investments	\$ 7,448	\$ -	\$ -	\$ -
Unrealized gain on investments	-	-	-	7,448
<i>To recognize fair value of late reporting alternative investment funds.</i>				
2 Net Assets - beginning of year	-	-	(2,032)	-
Unrealized gain on investments	-	-	-	2,032
<i>Reversal of prior year impact of fair value of late reporting alternative investment funds.</i>				
Net impact	\$ 7,448	\$ -	\$ (2,032)	\$ 9,480



September 30, 2025

Grant Thornton LLP
171 N. Clark Street, Suite 200
Chicago, IL 60601

We are providing this letter in connection with your audit of the consolidated financial statements of University of Louisville Real Estate Foundation, Inc. and its affiliates (collectively, the "Entity"), which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements. We understand that your audit was made for the purpose of expressing an opinion as to whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

We have fulfilled our responsibility, as set out in the terms of the Engagement Letter, for the preparation and fair presentation of the consolidated financial statements in accordance with US GAAP. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error or fraud, including programs and controls to prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of September 29, 2025, the following representations made to you during your audits.

1. The consolidated financial statements referred to above, including the related notes, have been prepared and are fairly presented in accordance with US GAAP.
2. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the consolidated financial statements, including all financial records, documentation of internal control over financial reporting and federal financial assistance, and related information
 - b. Additional information you have requested for audit purposes
 - c. Unrestricted access to persons from whom you determined it necessary to obtain audit evidence
 - d. Minutes of the meetings of boards of directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
3. There have been no communications, written or oral, from regulatory agencies or others concerning noncompliance with, or deficiencies in, financial reporting practices.
4. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
5. There are no side agreements or other arrangements (either written or oral) that have not been disclosed to you.
6. There are no significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting of which we are aware.

7. We understand that generative AI (genAI) refers to a subset of deep learning based on probabilistic technology that can create content, including text, images, audio, or video, when prompted by a user. We have not deployed genAI technology for use in financial reporting or internal control over reporting.
8. We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud. We have no knowledge of fraud or suspected fraud affecting the Entity involving:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the consolidated financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Entity's consolidated financial statements received in communications from employees, former employees, analysts, regulators, or others.
10. There are no known violations or possible violations of, or no known instances of noncompliance or suspected noncompliance with, laws, including charitable registration laws, regulations, contracts, grant agreements, donor restrictions, or other matters whose effects should be considered by management when preparing the consolidated financial statements, as a basis for recording a loss contingency or for disclosure. We are responsible for and have complied with all laws, including charitable registration laws, regulations, contracts, grant agreements, donor restrictions, and other matters. In addition, there are no known investigations or legal proceedings that have been initiated during the reporting period.
11. The Entity's assets and liabilities are appropriately classified.
12. The Entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
13. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable.

Events or changes in circumstances may include a significant decrease in the market price, change in the use of an asset, adverse changes in the business or legal climate, loss of customers, operating or cash flow losses, an expectation to sell assets before the end of the previously estimated life, and costs in excess of amounts to acquire or build an asset.
14. The consolidated financial statements include all assets and liabilities under the Entity's control.
15. We have disclosed to you the identity of all the Entity's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions and related amounts receivable from or payable to related parties (including sales, purchases, loans, transfers, leasing arrangements, and guarantees) have been properly accounted for and disclosed in the consolidated financial statements in accordance with US GAAP.

We understand that "related parties" include (1) affiliates of the Entity; (2) entities for which investments in their equity securities would be required to be accounted for by the equity method by the investing entity; (3) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (4) principal owners of the Entity and members of their immediate families; and (5) management of the Entity and members of their immediate families.

Related parties also include (1) other parties with which the Entity may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (2) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

16. We have no knowledge of any business relationships, financial relationships, or other relationships that the Entity or its downstream affiliates (subsidiaries or investees) has with New Mountain Capital or its affiliates. We also acknowledge our responsibility for communicating to you all relationships, including business relationships, financial relationships, or other relationships, that the Entity or its downstream affiliates (subsidiaries or

investees) are considering with New Mountain Capital or its affiliates. We have not identified any such relationships.

We understand that "business relationships" include (1) teaming arrangements, (2) alliances, (3) joint investments or joint ventures, and (4) vendor in the ordinary course arrangements. We also understand that "financial relationships" include (1) direct financial investments, (2) material, indirect financial investments, and (3) lending relationships.

17. We have no knowledge of any participation in, investment in, purchase of, or ownership of the debt of Grant Thornton Advisors LLC by the Entity or its downstream affiliates (subsidiaries or investees). We have informed the appropriate individuals that make investment decisions for the Entity and its downstream affiliates (subsidiaries or investees), including any investment committee and third-party investment advisors, if applicable, that participating in, investing in, purchasing, or owning the debt of Grant Thornton Advisors LLC may impair your independence. We also acknowledge that, if it comes to our attention that the Entity or its downstream affiliates (subsidiaries or investees) are considering participating in, investing in, purchasing, or otherwise owning the debt of Grant Thornton Advisors LLC, we will bring such matters to your attention immediately for further discussion and evaluation.

18. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with US GAAP (*FASB Accounting Standards Codification*[®] (ASC) 275, *Risks and Uncertainties*) are properly disclosed in the consolidated financial statements.

Significant estimates are estimates at the date of the statement of financial position that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

19. The methods, significant assumptions, and data used in making accounting estimates and the related disclosures, including those measured at fair value, are reasonable, are consistently applied, and result in a measurement appropriate to achieve recognition, measurement, or disclosure for financial statement and disclosure purposes in accordance with the financial reporting framework. In addition, the data used in making accounting estimates is accurate and complete. No events have occurred subsequent to the date of the consolidated financial statements through the date of this letter that would require adjustment to these estimates and fair value measurements, or the related disclosures included in the consolidated financial statements.

20. In connection with the preparation of the consolidated financial statements we evaluated, in accordance with US GAAP (*FASB Accounting Standards Codification*[®] (ASC) 205, *Presentation of Financial Statements*), whether there were conditions or events that, when considered in the aggregate, raised substantial doubt about the Entity's ability to continue as a going concern for a period not less than one year from the date the consolidated financial statements are issued or available to be issued. Our evaluation was based on relevant conditions and events known and reasonably knowable at that date.

21. There are no financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

22. There are no guarantees, whether written or oral, under which the Entity is contingently liable.

23. There are no known actual or possible litigation, claims, or assessments that our legal counsel has advised us are probable of assertion whose effects should be considered by management when preparing the consolidated financial statements and that should be accounted for and disclosed in accordance with US GAAP (*FASB Accounting Standards Codification*[®] (ASC) 450, *Contingencies*).

24. There are no other liabilities or gain or loss contingencies that are required to be accounted for or disclosed in accordance with US GAAP (ASC 450).

25. The Entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.

26. The Entity has adequate controls over the receipt and recording of contributions.

27. An appropriate composition of assets needed to comply with all donor restrictions has been maintained.
28. The basis for the allocation of functional expenses is reasonable and complies with the requirements of the Entity's various funding sources.
29. The Entity is a tax-exempt organization under the Internal Revenue Code. In addition, the Entity has maintained its tax-exempt status by conducting activities within the scope of its exemptions granted by the Internal Revenue Service.
30. The valuation allowance has been determined pursuant to the provisions of ASC 740, Income Taxes, including the Entity's estimation of future taxable income, if necessary, and is adequate to reduce the total deferred tax asset to an amount that will more likely than not be realized.
31. Management believes that the assumptions used in the projections of future taxable income that support the realization of the Entity's deferred tax assets are reasonable and consistent with its public disclosures or statements.
32. We believe that we have taken into consideration cost factors, our overall financial performance, legal regulatory, contractual, political, and business factors, industry and market factors, macroeconomic conditions as well as other entity specific events as required by US GAAP (ASC 350-30-35-18C, Intangibles - Goodwill and Other: Subsequent Measurement), in performing an assessment of qualitative factors to determine whether it is necessary to perform the two-step annual impairment test.
33. The Entity is not subject to the California Nonprofit Integrity Act of 2004 ("SB 1262") and there were no changes in circumstances that would change this determination.
34. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date.
35. The Entity has complied with debt covenant requirements that could have a material impact on debt classification in the event of a non-compliance.
36. With respect to accounting for entities in which the Company holds a potential variable interest in accordance with ASC 810-10, Consolidation, "Variable Interest Entities" subsections (hereinafter referred to as "ASC 810-10"):
 - i. The Entity's consolidated financial statements are in accordance with the appropriate application of ASC 810-10 to all entities in which the Entity has an implicit or explicit interest or other direct or indirect involvement
 - ii. We understand that the appropriate application of ASC 810-10 to an entity could result in:
 - a. Consolidation, deconsolidation or exclusion of the entity from the Entity's financial statements
 - b. Disclosures about the entity, or
 - c. A determination that the provisions of ASC 810-10 do not apply to that entity
 - iii. We understand that the identification of an implicit variable interest involves determining whether the Entity may be indirectly absorbing or receiving the variability of an entity and that:
 - a. An implicit variable interest is an implied pecuniary interest in an entity that changes with changes in the fair value of the entity's net assets exclusive of variable interests
 - b. Implicit variable interests may arise from transactions with related and (or) unrelated parties
 - c. A company could have an implicit variable interest in a variable interest entity despite having no direct contractual interest in that entity.
 - iv. There are no potential variable interests, including implicit variable interests as described in ASC 810-10:
 - a. Held by the Entity in VIEs and potential VIEs
 - b. Held by the Entity's related parties (including parties with a de facto agency or de facto principal relationship with the Entity) in VIEs and potential VIEs in which the Entity also holds a potential variable interest (implicit or explicit).
37. We agree with the findings of specialists in evaluating the assets of the Entity in conjunction with reorganization and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give nor cause any instructions

to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists. We did however provide the specialist with certain data and assumptions, which we believe are accurate to the best of our knowledge. We are responsible for the work performed and conclusions reached by the specialist.

38. We have identified all tangible and intangible assets acquired in the reorganization resulting in ULF becoming the sole member of ULREF.
39. No events have occurred subsequent to the date of the consolidated financial statements through the date of this letter that would require, in accordance with US GAAP, recognition or disclosure in the consolidated financial statements.

UNIVERSITY OF LOUISVILLE REAL ESTATE FOUNDATION



Keith Sherman, Executive Director Chief Operating Officer



Jake Robertson, Accounting Manager

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

October 30, 2025

At a duly convened meeting of the Board of Directors (the “Board”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“ULF”), held on October 30, 2025, the Board adopted the following resolutions:

Compensation of Chief Accounting Officer

WHEREAS, Section 5.3 of the University of Louisville Foundation, Inc. state Bylaws states “Compensation and benefits provided to the Chief Executive and any other members of the Foundation’s executive management team shall be reviewed and recommended by the Compensation Committee but only approved by resolution of the Board.”

WHEREAS, the Foundation proposes hiring a Chief Accounting Officer.

WHEREAS, the Compensation Committee recommends the Board approve an annual base salary of \$190,000 for the Chief Accounting Officer.


RESOLVED, upon the recommendation of the Compensation Committee, the Board approves an annual base salary of \$190,000 for the Chief Accounting Officer, effective November 17, 2025.

BOARD ACTION:

Passed X

Did Not Pass _____

Other



Ernest A. Brooks III, Secretary
University of Louisville Foundation, Inc.