Wikimedia Endowment

Financial Statements
Years Ended June 30, 2026 and 2025

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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Years Ended June 30, 2026 and 2025

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Independent Auditor's Report

The Board of Directors
Wikimedia Endowment
San Francisco, California

Opinion

We have audited the financial statements of Wikimedia Endowment (the Endowment), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Endowment as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Endowment and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

BDO USA, P.C.

October 27, 2026

Wikimedia Endowment

Statements of Financial Position

June 30,	**2026**	2025
Assets		
Endowment investments	**$ 206,123,751**	$ 169,700,423
Contributions receivable - endowment	**2,690,699**	409,821
Total Assets	**$ 208,814,450**	$ 170,110,244
Liabilities and Net Assets		
Liabilities		
Accrued expenses	**$ 808,887**	$ 702,431
Total Liabilities	**808,887**	702,431
Net Assets		
Without donor restrictions	**220,291**	306,259
With donor restrictions	**207,785,272**	169,101,554
Total Net Assets	**208,005,563**	169,407,813
Total Liabilities and Net Assets	**$ 208,814,450**	$ 170,110,244

See accompanying notes to financial statements.

Wikimedia Endowment

Statements of Activities

Year ended June 30,

	2026			2025		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions of cash and other financial assets	**$ -**	**$ 17,361,926**	**$ 17,361,926**	$ -	$ 11,863,214	$ 11,863,214
Investment income, net	**-**	**5,158,831**	**5,158,831**	-	21,224,604	21,224,604
Net assets released from restrictions	**5,700,000**	**(5,700,000)**	**-**	5,600,000	(5,600,000)	-
Total Support and Revenue	**5,700,000**	**16,820,757**	**22,520,757**	5,600,000	27,487,818	33,087,818
Operating Expenses						
Project funding	**3,500,000**	**-**	**3,500,000**	3,396,880	-	3,396,880
Professional service expenses	**1,406,499**	**-**	**1,406,499**	1,292,150	-	1,292,150
Donation processing expenses	**477,310**	**-**	**477,310**	342,239	-	342,239
Other operating expenses	**358,592**	**-**	**358,592**	284,315	-	284,315
Travel and conferences	**43,567**	**-**	**43,567**	24,730	-	24,730
Total Operating Expenses	**5,785,968**	**-**	**5,785,968**	5,340,314	-	5,340,314
Change in Net Assets from Operating Activities	**(85,968)**	**16,820,757**	**16,734,789**	259,686	27,487,818	27,747,504
Non-Operating Activities						
Unrealized gains (losses) on investments, net	**-**	**21,862,961**	**21,862,961**	-	(2,665,313)	(2,665,313)
Total Change in Net Assets	**(85,968)**	**38,683,718**	**38,597,750**	259,686	24,822,505	25,082,191
Net Assets, beginning of year	**306,259**	**169,101,554**	**169,407,813**	46,573	144,279,049	144,325,622
Net Assets, end of year	**$ 220,291**	**$ 207,785,272**	**$ 208,005,563**	$ 306,259	$ 169,101,554	$ 169,407,813

See accompanying notes to financial statements.

Wikimedia Endowment

Statements of Cash Flows

Year ended June 30,	**2026**	2025
Cash Flows from Operating Activities		
Change in net assets	**$ 38,597,750**	$ 25,082,191
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Investment return, net	**(27,021,792)**	(18,559,291)
Stock donations restricted for endowment	**-**	(27,105)
Contributions restricted for endowment	**(17,361,926)**	(11,836,109)
Changes in operating assets and liabilities:		
Accrued expenses	**106,456**	702,431
Net Cash Used in Operating Activities	**(5,679,512)**	(4,637,883)
Cash Flows from Investing Activities		
Purchases of investments	**(42,102,840)**	(30,717,387)
Proceeds from sales of investments	**5,679,512**	4,637,883
Net Cash Used in Investing Activities	**(36,423,328)**	(26,079,504)
Cash Flows from Financing Activities		
Proceeds from stock donations restricted for endowment	**-**	27,105
Proceeds from contributions restricted for endowment	**15,081,048**	12,130,991
Investment return, net	**27,021,792**	18,559,291
Net Cash Provided by Financing Activities	**42,102,840**	30,717,387
Net Change in Cash	**-**	-
Cash, beginning of period	**-**	-
Cash, end of period	**$ -**	$ -

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization and Purpose

The accompanying financial statements present the financial position, change in net assets, and cash flows of the Wikimedia Endowment (the Endowment).

The Endowment's mission is to act as a permanent fund that can support in perpetuity the operations and activities of current and future Wikimedia projects, which are projects that are approved by and advance the purposes of the Wikimedia Foundation (the Foundation) or its successor if the Foundation ceases to exist. The Endowment is funded primarily through donations and contributions.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Income Taxes

The Endowment is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Endowment is not a private foundation and contributions to it qualify as charitable contributions.

The Endowment has evaluated the financial statement impact of positions taken or expected to be taken in its tax returns. The Endowment is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. Net income from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Financial Statement Presentation

Net assets, support and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

The Endowment reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Accordingly, the net assets of the Endowment and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – These include net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – These include net assets subject to donor-imposed stipulations that are restricted in perpetuity where the principal of the contributions is restricted in perpetuity and the income from which is utilized for a specific purpose. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose. As an endowment, there are generally no net assets subject to donor-imposed stipulations that will be met by the passage of time.

Operating and Non-Operating Activities

Operating activities represent support, revenues, and expenses solely related to operating and fundraising for the Endowment's support of Wikimedia projects. Non-operating activities relate to unrealized gains or losses on investments.

Endowment Investments

The Endowment considers all cash held at banks, and short-term, highly liquid investments with an original maturity of three months or less when purchased, to be cash or cash equivalents, and includes these funds as part of its endowment investments on the statements of financial position. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to the applicable limits. At times, the Endowment has amounts deposited with financial institutions in excess of FDIC limits.

Investments are reported at fair value, and are comprised of cash and cash equivalents, fixed income, and equity securities. The fixed income and equity securities are valued using quoted prices in active markets for identical assets, and are therefore classified as Level 1 in the fair value hierarchy (see below). The Endowment holds no shares of donated stock as of June 30, 2026 and 2025, consistent with its policy to sell stock received through donations as soon as possible.

Interest is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses are included in investment income on the statements of activities. Investment return (including realized and unrealized gains and losses) is reported as increases or decreases in net assets without donor restrictions unless a donor restricts its use.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the fair value of the investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

ASC Topic 820, *Fair Value Measurement,* establishes a fair value hierarchy that prioritizes observable inputs to valuation techniques used to measure fair value. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical investments that the Endowment has the ability to access at the measurement date.

Level 2 - Inputs are inputs other than quoted prices included in Level 1 that are observable for the investment, either directly or indirectly.

Level 3 - Inputs are unobservable inputs from investments. Level 3 inputs incorporate assumptions about the factors that market participants would use in pricing the instrument.

Project Funding

Project funding is donations to other organizations to support Wikipedia and other wiki-based projects, such as Kiwix for offline Wikipedia.

Contributions of Cash and Other Financial Assets

Contributions which include unconditional promises to give (pledges), are recognized as revenues in the period the pledge is received. Pledges made but not yet collected are included in the statements of financial position as contributions receivable.

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Endowment. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Long-term pledges are recognized at fair value (at the time of donation, if unconditional) and are measured at the present value of the estimated cash flows. In arriving at fair value, the promises to give are discounted using an estimated market rate, which includes a present-value discount rate and an estimated rate for an allowance for doubtful accounts. For the year ended June 30, 2026, the discount rate was 3.99%. Amortization of the discount is included in contributions of cash and other financial assets in the statements of activities. Management determined no allowances were necessary as of June 30, 2026 or 2025, and no discount rate was necessary for the year ended June 30, 2025.

Contributions that are conditional are not recorded until the condition is substantially met. Conditional contributions must include both (1) one or more barriers that need to be overcome before the Endowment is entitled to the contribution, and (2) a right of return or a right of release from the donor's obligation to provide the contribution. Upon the satisfaction of the conditions, the Endowment will recognize the contribution in the financial statements. There were no such conditional promises to give outstanding at June 30, 2026 or 2025.

Functional Expenses

Costs of providing the Endowment's activities have been summarized on a functional basis in Note 6. Programs comprise various initiatives that focus on issuing funding to support Wikipedia and wiki-based projects. The Endowment has no direct employees; operational support and personnel are provided by the Foundation under a cost-sharing agreement (see Note 7). Personnel-related charges from the Foundation are included in professional service expenses and are allocated among

programs, general and administrative, and fundraising based on the Foundation's estimates of staff time spent on Endowment-related activities. Other professional services, donation processing, and operating expenses are generally classified based on the nature of the underlying activity or service and the functional category primarily benefited. Travel costs are classified based on the nature and purpose of the related event or activity.

Recently Issued Accounting Pronouncements

In July 2025, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The amendments in this ASU address challenges encountered when applying the guidance in Topic 326 to current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, *Revenue from Contracts with Customers*. The ASU provides (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606.

The practical expedient permits all entities to assume that current conditions as of the statement of financial position date do not change for the remaining life of the asset. The accounting policy election permits the entity to consider collection activity after the statement of financial position date when estimating expected credit losses.

The amendments are effective, on a prospective basis, for annual reporting periods beginning after December 15, 2025, with early adoption permitted. Management does not anticipate this ASU to have an impact on the financial statements.

Reclassifications

Certain items from the prior-year financial statements have been reclassified to the current-year presentation. These reclassifications had no impact on net assets or changes to net assets previously reported.

Subsequent Events

The Endowment has evaluated its subsequent events through the date these financial statements were available to be issued, which was October 27, 2026.

2. Liquidity and Availability of Financial Assets

The following table reflects the Endowment's financial assets at June 30, 2026 and 2025, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual conditions.

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The Endowment's liquidity management includes a policy of structuring its financial assets to be available to meet its general expenditures, liabilities, grant-making, and other obligations as they come due. Annually, in July, the Endowment's Board of Directors appropriates funds to be used for the annual operating budget. Once appropriated, these funds are available for distribution for operational expenses and grants for Wikimedia projects. Additional funds can be appropriated by the Board in accordance with the Endowment's spending policy. See Note 8.

June 30,	**2026**	2025
Endowment investments	**$ 206,123,751**	$ 169,700,423
Contributions receivable - endowment	**2,690,699**	409,821
	208,814,450	170,110,244
Less: net assets with endowment restrictions	**(207,785,272)**	(169,101,554)
Plus: annual appropriation from endowment assets available for expenditures	**6,800,000**	5,700,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 7,829,178**	$ 6,708,690

3. Contributions Receivable

Contributions receivable consist of the following:

June 30,	**2026**	2025
Receivable in less than one year	**$ 1,140,960**	$ 409,821
Receivable in one to five years	**1,766,950**	-
	2,907,910	409,821
Less: unamortized discount	**(217,211)**	-
	$ 2,690,699	$ 409,821

4. Investments

Investments consist of the following:

June 30,	**2026**	2025
Cash and Cash Equivalents	**$ 18,311,419**	$ 19,504,147
Equity Funds		
U.S. large cap	**117,798,597**	87,745,097
Internationally developed	**24,987,018**	22,931,827
Emerging markets	**5,209,959**	4,572,331
Real estate investment trusts	**4,691,211**	4,011,851
Fixed Income Funds		
Investment-grade taxable	**35,125,547**	30,935,170
	$ 206,123,751	$ 169,700,423

5. Net Assets

Net assets with donor restrictions consist of the following:

June 30,	**2026**	2025
Contributions receivable - endowment	**$ 2,690,699**	$ 409,821
Unappropriated endowment earnings	**48,954,333**	27,632,541
Perpetual endowment restrictions	**156,140,240**	141,059,192
	$ 207,785,272	$ 169,101,554

6. Functional Allocation of Expenses

The Endowment's functional expenses are presented in the following tables by natural classification and functional category:

Year ended June 30, 2026

	Programs	General and Administrative	Fundraising	Total
Project funding	$ 3,500,000	$ -	$ -	$ 3,500,000
Professional service expenses	318,229	287,005	801,265	1,406,499
Donation processing expenses	-	-	477,310	477,310
Other operating expenses	2,387	298,964	57,241	358,592
Travel and conferences	1,818	26,998	14,751	43,567
	$ 3,822,434	$ 612,967	$ 1,350,567	$ 5,785,968

Year ended June 30, 2025

	Programs	General and Administrative	Fundraising	Total
Project funding	$ 3,396,880	$ -	$ -	$ 3,396,880
Professional service expenses	268,096	262,945	761,109	1,292,150
Donation processing expenses	-	-	342,239	342,239
Other operating expenses	18,196	264,101	2,018	284,315
Travel and conferences	2,684	1,397	20,649	24,730
	$ 3,685,856	$ 528,443	$ 1,126,015	$ 5,340,314

7. Related Party Transactions

The Foundation, a stand-alone tax-exempt 501(c)(3) organization, operates Wikipedia, a free online encyclopedia. The Foundation does not have control or a controlling financial interest in the Endowment, and the Endowment has a separate Board of Directors. However, the Foundation is considered a related party to the Endowment because the Foundation management also manages the Endowment.

The Foundation and the Endowment have a cost-sharing agreement, in which a majority of the Endowment's operating expenditures are paid for by the Foundation and reimbursed by the Endowment. These expenditures were $2,396,348 and $2,066,234 for the years ended June 30, 2026

and 2025, respectively. The Endowment also reimburses the Foundation for certain operational staffing and administrative costs that are incurred on behalf of the Foundation in support of the Endowment. The costs paid to the Foundation for operation and administrative support, plus a 15% administrative fee, totaled $1,606,922 and $1,466,361 during the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, amounts payable to the Foundation for expenses under the cost-sharing agreement totaled $808,887 and $702,431, respectively, included in accrued expenses on the statements of financial position. The cost-sharing agreement automatically renews for successive one-year periods.

Under the cost-sharing agreement, the Foundation collects donations on behalf of the Endowment and transfers donor-designated gifts monthly. In addition, the Foundation has a policy of contributing undesignated estate gifts received by the Foundation to the Endowment as contributions. The Foundation contributed $2,882,796 and $1,490,207, during the years ended June 30, 2026 and 2025, respectively. At June 30, 2026 and 2025, contributions receivable of $498,307 and $187,674, respectively, are included in contributions receivable – endowment on the statements of financial position.

During the fiscal year ended June 30, 2026, the Endowment also provided the Foundation with funding of $970,000 for the Abstract Wikipedia project, $1,000,000 for artificial intelligence and machine learning, $1,005,885 for the Infrastructure Against Scrapers project, and $200,000 for Wikimedia Commons. During the fiscal year ended June 30, 2025, the Endowment also provided the Foundation with funding of $950,000 for the Abstract Wikipedia project, $1,000,000 for artificial intelligence and machine learning, $150,000 for Wikimedia Commons, and $1,000,000 for the Wikidata project. These costs are recorded within project funding.

8. Endowment

The Endowment's endowment consists of one fund to support the operations and activities of current and future Wikimedia projects. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Endowment has interpreted the State of California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the 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, when reviewing the donor-restricted endowment fund, the Endowment considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted net assets is classified as unappropriated endowment earnings until those amounts are appropriated for expenditure by the Endowment in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Endowment has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, the Endowment considers the following factors in making a determination to appropriate or accumulate the donor-restricted endowment fund:

- The duration and preservation of the fund.
- The purposes of the Endowment and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Endowment.
- The investment policies of the Endowment.

Endowment funds consist of the following:

June 30, 2026

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Earnings	Perpetual	Total
Donor-restricted endowment funds	$ 1,029,178	$ 48,954,333	$ 156,140,240	$ 206,123,751

June 30, 2025

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Earnings	Perpetual	Total
Donor-restricted endowment funds	$ 1,008,690	$ 27,632,541	$ 141,059,192	$ 169,700,423

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Changes in endowment investments are as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Unappropriated Earnings	Perpetual	Total
Endowment Investments, June 30, 2024	$ 46,573	$ 14,673,250	$ 128,901,096	$ 143,620,919
Investment return				
Investment income, net	-	21,224,604	-	21,224,604
Unrealized losses	-	(2,665,313)	-	(2,665,313)
Total Investment Return	-	18,559,291	-	18,559,291
Contributions	-	-	12,158,096	12,158,096
Appropriations	5,600,000	(5,600,000)	-	-
Withdrawals	(4,637,883)	-	-	(4,637,883)
Endowment Investments, June 30, 2025	1,008,690	27,632,541	141,059,192	169,700,423
Investment return				
Investment income, net	-	5,158,831	-	5,158,831
Unrealized gains	-	21,862,961	-	21,862,961
Total Investment Return	-	27,021,792	-	27,021,792
Contributions	-	-	15,081,048	15,081,048
Appropriations	5,700,000	(5,700,000)	-	-
Withdrawals	(5,679,512)	-	-	(5,679,512)
Endowment Investments, June 30, 2026	$ 1,029,178	$ 48,954,333	$ 156,140,240	$ 206,123,751

Return Objectives and Risk Parameters

The Endowment has adopted investment and spending policies that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the Endowment's assets. Under this policy, as approved by the Board of Directors, the Endowment's assets are invested in a manner that is intended to produce results, over the long term, with an average annual real total return of 6.0%, net of fees. Actual returns in any given year may vary from this amount.

The risk tolerance per the Endowment's investment policy seeks volatility resulting in a blended rate from combining the benchmark indices for each asset class using their respective target allocation weights per the asset allocation in the Endowment's investment policy.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Endowment relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Endowment targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Endowment has a spending policy of appropriating for distribution each a target spending rate of 4.0% of the rolling average of the ending market value of the Endowment's investment portfolio over the prior three fiscal years. The Finance Committee, a sub-committee of the Board of Directors, has the ability to adjust the spending rate down to 2.5% and up to 4.0%. In establishing this policy, the Endowment considered the long-term expected return. Accordingly, over the long term, the Endowment expects the current spending policy to allow the Endowment to grow at an average of 6.0% annually. The Endowment has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Endowment to retain as a fund of perpetual duration, either due to losses on investments or from withdrawals from the endowment investments to fund operations. In accordance with GAAP, deficiencies of this nature are to be reported in net assets with donor restrictions. There were no such deficiencies of this nature as of June 30, 2026 or 2025.