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# The Poetry Foundation

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**Financial Report**  
**December 31, 2025**

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## **Independent Auditor's Report**

To the Board of Trustees  
The Poetry Foundation

### ***Opinion***

We have audited the financial statements of The Poetry Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2025 and 2024 and the related statements of activities and changes in net assets 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 Foundation as of December 31, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for 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 Audits of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audits 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 audits 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.

To the Board of Trustees  
The Poetry Foundation

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

*Plante & Moran, PLLC*

June 16, 2026

Statement of Financial Position

December 31, 2025 and 2024  
(000s Omitted)

	2025	2024
<b>Assets</b>		
Cash and cash equivalents	\$ 1,088	\$ 70
Investments (Note 3)	318,233	293,602
Receivables - Net	28	68
Prepaid expenses and other assets	116	167
Beneficial interest in Lilly Trust (Note 4)	1,898	2,499
Property and equipment - Net (Note 6)	15,966	16,773
	<u>\$ 337,329</u>	<u>\$ 313,179</u>
Total assets		
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 203	\$ 213
Contract liabilities	671	630
Grants payable	3,059	-
Accrued expenses	383	135
	<u>4,316</u>	<u>978</u>
Total liabilities		
<b>Net Assets</b>		
Without donor restrictions	329,002	307,724
With donor restrictions (Note 9)	4,011	4,477
	<u>333,013</u>	<u>312,201</u>
Total net assets		
	<u>\$ 337,329</u>	<u>\$ 313,179</u>
Total liabilities and net assets		

## The Poetry Foundation

# Statement of Activities and Changes in Net Assets

Years Ended December 31, 2025 and 2024

(000s Omitted)

	2025	2024
<b>Changes in Net Assets without Donor Restrictions</b>		
Operating revenue:		
Publication and advertising	\$ 859	\$ 736
Contributions	8	6
Planned payout from investments and trusts (Note 3)	14,922	15,874
Other income	6	12
Total operating revenue	15,795	16,628
Expenses: (Note 10)		
Program services:		
Grants and awards	8,015	4,771
Poetry programs	7,989	8,407
Total program services	16,004	13,178
General and administrative expenses	3,168	3,348
Total expenses	19,172	16,526
<b>(Decrease) Increase in Net Assets without Donor Restrictions from Operating Activities</b>	(3,377)	102
<b>Nonoperating Activities</b>		
Net assets released from restrictions	366	400
Investment return - Net of planned payout (Note 3)	24,289	12,840
Total nonoperating activities	24,655	13,240
<b>Increase in Net Assets without Donor Restrictions</b>	21,278	13,342
<b>Changes in Net Assets with Donor Restrictions</b>		
Contributions	45	-
Net assets released from restrictions	(366)	(400)
Investment return - Net of planned payout (Note 3)	90	81
Change in value of beneficial interest	(235)	(102)
<b>Decrease in Net Assets with Donor Restrictions</b>	(466)	(421)
<b>Increase in Net Assets</b>	20,812	12,921
<b>Net Assets - Beginning of year</b>	312,201	299,280
<b>Net Assets - End of year</b>	<b>\$ 333,013</b>	<b>\$ 312,201</b>

## Statement of Cash Flows

Years Ended December 31, 2025 and 2024

(000s Omitted)

	2025	2024
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 20,812	\$ 12,921
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	972	825
Net unrealized gain on investments	(19,558)	(16,008)
Net realized gain on investments	(13,173)	(6,766)
Changes in beneficial interest in Lilly Trust	221	102
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	40	(35)
Prepaid expenses and other assets	51	-
Accounts and grants payable	3,049	(189)
Contract liabilities	41	34
Accrued expenses	248	(18)
Net cash and cash equivalents used in operating activities	(7,297)	(9,134)
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales and maturities of investments	39,777	41,274
Purchases of investments	(31,677)	(32,660)
Purchases of property and equipment	(165)	(581)
Distributions from Lilly Trust	380	400
Net cash and cash equivalents provided by investing activities	8,315	8,433
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,018	(701)
<b>Cash and Cash Equivalents - Beginning of year</b>	70	771
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,088</b>	<b>\$ 70</b>

December 31, 2025 and 2024

(000s Omitted)

## Note 1 - Nature of Business

The Poetry Foundation (the "Foundation") was founded in 1941 as The Modern Poetry Association, which published POETRY magazine (established in 1912), and adopted its current name on April 25, 2003. From 2009 to 2021, the Foundation was an exempt private operating foundation. In 2022, the Foundation transitioned to nonoperating status. The Foundation, an Illinois private foundation, transforms lives through the power of words and works to amplify poetry and celebrate poets by fostering spaces for all to create, experience, and share poetry. The Foundation supports creative projects and organizations through its grantmaking program, publishes POETRY magazine and other original works of literature, produces an online site for archived poetry and articles about poetry, and sponsors a variety of public programs.

## Note 2 - Significant Accounting Policies

### ***Basis of Presentation***

The financial statements of the Foundation have been prepared on the basis of accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

### ***Classification of Net Assets***

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

### ***Operating Results***

Operating results in the statement of activities and changes in net assets reflect all transactions increasing and decreasing net assets except for long-term investment return in excess of investment payout, nonoperating revenue, gifts restricted for permanent endowment, and the change in value of the charitable lead trust.

### ***Revenue Recognition***

Revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions not satisfied during the fiscal year of donation. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in the appropriate net asset category. Private gifts are recognized in the period in which they are received. Contributions of assets other than cash are recorded at their estimated fair value.

The planned payout is based upon the IRS guidelines for nonoperating foundations, which require a minimum distribution of 5 percent of the fair market value of the investment portfolio on an annual basis.

**December 31, 2025 and 2024**

**(000s Omitted)**

**Note 2 - Significant Accounting Policies (Continued)**

The Foundation recognizes publication and advertising revenue based on the satisfaction of performance obligations. For POETRY magazine publication revenue, the Foundation has a performance obligation for delivery of a subscription. Revenue is recognized over the life of the subscription as magazines are delivered to the customer. For POETRY magazine advertising revenue, the Foundation has a performance obligation for publishing an advertisement as promised. Revenue is recognized in the period in which the advertising occurs.

The Foundation invoices at the time of purchase. Payment terms vary, with most payments due within 30 days to 90 days of the invoice date. In some situations, the Foundation bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Foundation recognizing contract liabilities upon receipt of payment. The changes in contract liabilities were a result of normal timing differences between the satisfaction of performance obligations and customer payments. Contract liabilities were \$596 at January 1, 2024; \$630 at December 31, 2024; and \$671 at December 31, 2025.

**Grants**

Unconditional grants are recorded as expense in the period the grant is approved. Grants payable within one year are recorded at fair value at the date of authorization. Future minimum grant disbursements due within one year are \$1,295 and \$0 for the years ended December 31, 2025 and 2024, respectively. Future minimum grant disbursements due within one to five years are \$1,875 and \$0 for the years ended December 31, 2025 and 2024, respectively.

Conditional grants, with both a barrier and a right of return, are recorded as expense during the year in which the conditions are substantially met or waived by the Foundation. The Foundation had no conditional grants awarded or outstanding as of December 31, 2025 and 2024.

**Cash and Cash Equivalents**

For the purpose of the accompanying financial statements, the Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates fair value due to the short-term nature of these investments. Certain cash and cash equivalents are included in investments on the statement of financial position.

**Investments**

Investments are reported at fair value. Investment gains (losses), including net realized and unrealized gains (losses), are reflected in the statement of activities and changes in net assets, net of planned payout, as increases (decreases) in net assets.

The alternative investments, composed primarily of private equity funds, real estate funds, credit funds, opportunity funds, and hedge funds that are not readily marketable, are measured at fair value, valued at net asset value per share as the practical expedient. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

**Beneficial Interest in Lilly Trust**

The Foundation's beneficial interest in the Lilly Trust is reported at estimated fair value, which has been measured at the net present value of the estimated future distributions expected to be received over the term of the related charitable lead trust agreement using a discount rate commensurate with the risks involved. The change in the estimated fair value of the Foundation's beneficial interest in the Lilly Trust is reported as an increase or decrease in net assets with donor restrictions. Distributions from the Lilly Trust are reclassified from net assets with donor restrictions to net assets without donor restrictions.

December 31, 2025 and 2024

(000s Omitted)

**Note 2 - Significant Accounting Policies (Continued)**

***Property and Equipment***

Property and equipment consist of land, building, website development costs, furniture, books, and computer hardware and software and are recorded at cost. The long-lived assets, other than land, over \$5,000 are capitalized and depreciated using the straight-line method over their estimated useful lives of 3 to 30 years, with a full year of depreciation taken during the year the asset is placed in service.

***Income Taxes***

The Foundation is a private, nonoperating foundation and is subject to Internal Revenue Code (IRC) Section 4940, which imposes an annual excise tax of 1.39 percent of net investment income. In addition, the Foundation is required to distribute a minimum amount of its income for charitable purposes each year in accordance with IRC Section 4942. If the Foundation does not meet this minimum distribution requirement, it may be subject to an excise tax on the undistributed amount. Management monitors compliance with these requirements.

GAAP requires management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in Note 10. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. To support its mission, the Foundation makes grants and offers a wide array of poetry programming, including POETRY magazine, a digital archive of poems, poetry news and features, podcasts, videos, teacher resources, and other tools with partners and through poetryfoundation.org. Expenses are directly allocated to each functional classification on an actual basis except for depreciation and building maintenance and repairs, which are allocated based on square footage. Although the methods of allocation used are considered appropriate and reasonable, other methods could be used that would produce different results.

***Use of Estimates***

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

Management has made estimates and assumptions relating to the reporting of certain assets and liabilities, such as the beneficial interest in the Lilly Trust and investments valued at net asset value, in order to prepare these financial statements and related disclosures in conformity with GAAP. Actual results could differ from these estimates. Note 4 contains additional information regarding the estimated fair value of the beneficial interest in the Lilly Trust. Note 5 contains additional information regarding the fair value measurements of investments valued at net asset value.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including June 16, 2026, which is the date the financial statements were available to be issued.

December 31, 2025 and 2024

(000s Omitted)

**Note 3 - Investments**

The details of the Foundation's investments at December 31, 2025 and 2024 are as follows:

	2025	2024
<b>Marketable Securities</b>		
Money market accounts	\$ 5,827	\$ 2,695
Mutual funds:		
Domestic equity funds	115,762	98,900
International equity funds	33,917	38,352
Global fixed income	54,540	52,595
Real estate funds	5,842	-
<b>Nonmarketable Securities</b>		
Private assets	36,423	36,555
Real assets	22,640	24,446
Private credit	8,941	9,091
Hedge funds	34,341	30,968
Total	\$ 318,233	\$ 293,602

Investment return for the years ended December 31, 2025 and 2024 consists of the following:

	2025	2024
Interest and dividends - Net of investment expenses	\$ 6,570	\$ 6,021
Realized gain	13,173	6,766
Unrealized gain on investments	19,558	16,008
Net investment return	39,301	28,795
Less planned payout from investments and trust	(14,922)	(15,874)
Investment return - Net of planned payout	\$ 24,379	\$ 12,921

Investment loss and return are recorded on an accrual basis.

**Note 4 - Beneficial Interest in Lilly Trust**

In 2002, the Foundation received gifts of beneficial interests in three charitable lead trusts and two charitable remainder trusts established by Ruth Lilly (the "Lilly Trust"). The charitable remainder trusts and Charitable Lead Trust #1 and #2 were fully distributed in prior years.

Charitable Lead Trust #3 (CLT #3), of which the Foundation is a 35 percent income beneficiary, was funded with 23,572 nonvoting units in Stafford Investments III LLC (Stafford III). Stafford III was funded solely with Eli Lilly and company stock. Over time, the portfolio of Stafford III has been gradually diversified. CLT #3 will terminate in 2032, and any remaining assets will revert to asset beneficiaries.

For CLT #3, the valuation reflects its specific characteristics, including (1) expected start and end dates for distribution to the Foundation, (2) expected market appreciation (net of fees) based on the composition of the investment portfolio, and (3) appropriate discount factors to adjust estimated future cash flows to present value.

December 31, 2025 and 2024  
(000s Omitted)

**Note 4 - Beneficial Interest in Lilly Trust (Continued)**

The following table presents the general terms of CLT #3:

Trust	Payment Start Date	Length of Trust	Annual Payments
CLT #3	January 18, 2003	30 years	12.54% of fair value of portion of Stafford III - \$366 for 2025 and \$400 for 2024

The following table details certain significant assumptions used in estimating the fair value of CLT #3 at December 31:

	Annual Market Appreciation		Discount Rate to Calculate NPV	
	2025	2024	2025	2024
CLT #3	6.35 %	6.71 %	4.18 %	4.58 %

The Foundation's estimated share of the fair value of CLT #3 was \$1,898 and \$2,499 at December 31, 2025 and 2024, respectively.

**Note 5 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The valuation of the beneficial interest in the Lilly Trust falls under Level 3, as there are no significant observable inputs. The Lilly Trust's valuation is based on assumptions about the present value of the future distributions to be received from the trust. The inputs used by the Foundation in estimating the Level 3 beneficial interest in the Lilly Trust are included in Note 4.

Notes to Financial Statements

December 31, 2025 and 2024

(000s Omitted)

Note 5 - Fair Value Measurements (Continued)

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2025 and 2024 and the valuation techniques used by the Foundation to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at December 31, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2025
<b>Investments</b>			
Money market	\$ 5,827	\$ -	\$ 5,827
Domestic equity funds	115,762	-	115,762
International equity funds	33,917	-	33,917
Global fixed income	54,540	-	54,540
Real estate funds	5,842	-	5,842
Total	<u>\$ 215,888</u>	<u>\$ -</u>	<u>215,888</u>
Alternative investments measured at NAV:			
Private assets			36,423
Real assets			22,640
Private credit			8,941
Hedge funds			<u>34,341</u>
Total investments			<u>\$ 318,233</u>
<b>Beneficial Interest in Lilly Trust</b>		<u>\$ 1,898</u>	<u>\$ 1,898</u>

Assets Measured at Fair Value on a Recurring Basis at December 31, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2024
<b>Investments</b>			
Money market	\$ 2,695	\$ -	\$ 2,695
Domestic equity funds	98,900	-	98,900
International equity funds	38,352	-	38,352
Fixed income bond funds	52,595	-	52,595
Total	<u>\$ 192,542</u>	<u>\$ -</u>	<u>192,542</u>
Alternative investments measured at NAV:			
Private assets			36,555
Real assets			24,446
Private credit			9,091
Hedge funds			<u>30,968</u>
Total investments			<u>\$ 293,602</u>
<b>Beneficial Interest in Lilly Trust</b>		<u>\$ 2,499</u>	<u>\$ 2,499</u>

December 31, 2025 and 2024

(000s Omitted)

**Note 5 - Fair Value Measurements (Continued)**

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2025 and 2024 are as follows:

	<u>Lilly Trust</u>
Balance as of December 31, 2023	\$ 3,001
Distributions from trust	(400)
Change in value	<u>(102)</u>
Balance as of December 31, 2024	2,499
Distributions from trust	(366)
Change in value	<u>(235)</u>
Balance as of December 31, 2025	<u>\$ 1,898</u>

The following table provides additional information related to investments recorded at NAV as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>	<u>2025</u>		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Private assets (a)	\$ 36,423	\$ 36,555	\$ 9,557	N/A	N/A
Real assets (a)	22,640	24,446	20	Quarterly to Semiannually	91 - 365 days
Private credit (a)	8,941	9,091	939	Quarterly to Semiannually	91 - 365 days
Hedge funds (b)	34,341	30,968	-	Monthly to Semiannually	45 - 365 days
Total	<u>\$102,345</u>	<u>\$101,060</u>	<u>\$ 10,516</u>		

(a) This category includes private equity, private credit, and real estate funds. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the funds. The remaining terms of these investments range up to in excess of 10 years. The fair values of the investments in this category have been estimated using net asset value as the practical expedient provided by the investment managers.

(b) This category includes multiple strategies to diversify risk and reduce volatility that are delegated to investment managers who have authority to invest in various asset classes on a discretionary basis. These strategies may include distressed and non-distressed bond strategies, long/short equity strategies, event-oriented strategies, real assets, and private equity.

**Note 6 - Property and Equipment**

Property and equipment are summarized as follows:

	<u>2025</u>	<u>2024</u>
Office and computer equipment	\$ 553	\$ 553
Website and digital programs	1,029	864
Books	259	259
Land	7,264	7,264
Building	<u>15,502</u>	<u>15,502</u>
Total cost	24,607	24,442
Accumulated depreciation	<u>8,641</u>	<u>7,669</u>
Net property and equipment	<u>\$ 15,966</u>	<u>\$ 16,773</u>

December 31, 2025 and 2024

(000s Omitted)

**Note 6 - Property and Equipment (Continued)**

Depreciation expense for 2025 and 2024 was \$972 and \$825, respectively.

**Note 7 - Line of Credit**

On November 19, 2021, the Foundation entered into an unsecured line of credit agreement with a bank with maximum borrowings of \$10,000. Borrowings under the line of credit bore interest at an annual rate equal to 1.75 percent plus the daily simple SOFR. The line of credit was closed in December 2024. There were no outstanding borrowings on this line of credit as of December 31, 2024. Under the line of credit agreement, the Foundation was subject to various financial covenants, including minimum liquidity and limitations on other indebtedness.

**Note 8 - Retirement Plans**

The Foundation sponsors a defined contribution retirement plan within the provisions of Section 403(b) of the IRC. The plan is provided through Vanguard. Employees are eligible to participate in the plan after the completion of six months of service and attainment of age 21. Plan contributions are made as a percentage of compensation as follows: 10 percent by the Foundation and 5 percent by the individual, the latter of which is mandatory and a condition of employment. Contributions to the plan totaled \$386 and \$403 for the years ended December 31, 2025 and 2024, respectively.

**Note 9 - Net Assets**

Net assets with donor restrictions consist of the following as of December 31:

	2025	2024
Net assets with donor restrictions:		
Endowment to be held in perpetuity	\$ 1,331	\$ 1,331
Endowment net assets with purpose restrictions	782	647
Net assets with restrictions related to passage of time	1,898	2,499
	<u>\$ 4,011</u>	<u>\$ 4,477</u>

The Foundation had the following endowment-related activities:

	Endowments with Donor Restrictions
Balance as of January 1, 2024	\$ 1,897
Investment return	182
Appropriation of endowment assets for expenditure	(101)
Total change in endowment net asset	<u>81</u>
Balance as of December 31, 2024	1,978
Additions	45
Investment return	191
Appropriation of endowment assets for expenditure	(101)
Total change in endowment net assets	<u>135</u>
Balance as of December 31, 2025	<u>\$ 2,113</u>

## Notes to Financial Statements

December 31, 2025 and 2024

(000s Omitted)

### Note 9 - Net Assets (Continued)

The Foundation invests its unrestricted and donor-restricted funds, which are commingled, prudently with the goal of providing a long-term rate of return in excess of inflation. Objectives of the Foundation's investment policy include providing adequate liquidity, maximizing returns on all funds invested, and achieving full employment of all available funds as earning assets. The Foundation has an active finance committee that meets regularly to ensure the objectives of the investment policy are being met and the strategies used to meet the objectives are in accordance with the Foundation's investment policy.

### Note 10 - Functional Expenses

The Foundation's operating expenses by functional classification for the years ended December 31, 2025 and 2024 are as follows:

	2025				
	Grants	Poetry Programs	Total Program	Administration	Total Expenses
Grants and awards	\$ 7,361	\$ -	\$ 7,361	\$ -	\$ 7,361
Content and program expense paid to others	89	1,067	1,156	-	1,156
Salaries and benefits	380	3,715	4,095	1,341	5,436
Website and technology expense	26	452	478	162	640
Printing and publications	-	778	778	-	778
Professional service fees	33	393	426	638	1,064
Advertising and promotion	-	347	347	1	348
Other expenses	113	404	517	567	1,084
Tax expense	-	-	-	333	333
Depreciation	13	833	846	126	972
<b>Total</b>	<b>\$ 8,015</b>	<b>\$ 7,989</b>	<b>\$ 16,004</b>	<b>\$ 3,168</b>	<b>\$ 19,172</b>
	2024				
	Grants	Poetry Programs	Total Program	Administration	Total Expenses
Grants and awards	\$ 4,082	\$ -	\$ 4,082	\$ -	\$ 4,082
Content and program expense	168	1,064	1,232	-	1,232
Salaries and benefits	316	3,937	4,253	1,408	5,661
Website and technology expense	24	664	688	190	878
Printing and publications	-	867	867	-	867
Professional service fees	63	334	397	875	1,272
Advertising and promotion	-	376	376	-	376
Other expenses	107	458	565	453	1,018
Tax expense	-	-	-	315	315
Depreciation	11	707	718	107	825
<b>Total</b>	<b>\$ 4,771</b>	<b>\$ 8,407</b>	<b>\$ 13,178</b>	<b>\$ 3,348</b>	<b>\$ 16,526</b>

### Note 11 - Liquidity and Availability of Resources

The Foundation maintains at least 90 days of cash on hand to meet programmatic and operational needs. The investment policy also takes into account liquidity. A significant portion of the investment portfolio is in marketable securities or funds that permit redemptions on a daily, weekly, or quarterly basis.

## Notes to Financial Statements

December 31, 2025 and 2024

(000s Omitted)

### Note 11 - Liquidity and Availability of Resources (Continued)

The following reflects the Foundation's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2025	2024
Cash and cash equivalents	\$ 1,088	\$ 70
Accounts receivable	28	68
Investments	318,233	293,602
Beneficial interest in Lilly Trust	1,898	2,499
	<hr/>	<hr/>
Total financial assets	321,247	296,239
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Investments with restrictions on liquidation within one year	26,057	27,132
Net assets with donor restrictions	4,011	4,477
Net assets with timing restrictions to be released in one year	(326)	(356)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 291,505</u>	<u>\$ 264,986</u>

### Note 12 - Concentration of Credit Risk

Certain financial instruments subject the Foundation to credit risk. Those financial instruments consist primarily of cash, accounts receivable, beneficial interest in the Lilly Trust, and investments. The Foundation maintains its cash balance in financial institutions that at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Concentration of credit risk with respect to receivables is limited due to the large number of accounts and low average cash balance. Concentration of credit risk with respect to the beneficial interest in the Lilly Trust is limited through the diversification of the trust assets. The Foundation's investment policy also stipulates appropriate diversification of investment balances. Because certain investments are not readily marketable, their estimated fair value is subject to uncertainty and may differ from the value that would have been used had a ready market for such investments existed. As of December 31, 2025 and 2024, the Foundation had no significant concentration of credit risk in investments.