

LUMINA FOUNDATION FOR EDUCATION, INC.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

LUMINA FOUNDATION FOR EDUCATION, INC.

FINANCIAL STATEMENTS
December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lumina Foundation for Education, Inc.
Indianapolis, Indiana

Opinion

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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.

Other Matter

The financial statements of the Foundation for the year ended December 31, 2023, were audited by other auditors, who expressed an unmodified opinion on those statements on June 11, 2024.

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 available to be issued.

(Continued)

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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.


Crowe LLP

Indianapolis, Indiana
August 18, 2025

LUMINA FOUNDATION FOR EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023
(\$ in thousands)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 25,802	\$ 12,903
Investment proceeds receivables	14,540	39,446
Investments (Notes 3 and 6)	1,486,230	1,386,825
Accrued interest and dividends	818	830
Property and equipment, net	5,030	1,846
Beneficial interest in charitable remainder trusts (Note 9)	676	730
Operating lease right-of-use assets (Note 5)	6,688	2,265
Pension asset	2,308	460
Other assets	<u>1,979</u>	<u>2,727</u>
 Total assets	 <u>\$ 1,544,071</u>	 <u>\$ 1,448,032</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	\$ 900	\$ 725
Accounts payable and accrued expenses	2,982	2,317
Payroll, and related liabilities	664	634
Operating lease liabilities (Note 5)	8,932	2,497
Federal excise tax payable (Note 2)	<u>5,038</u>	<u>4,029</u>
Total liabilities	18,516	10,202
 Net assets without donor restrictions	 <u>1,525,555</u>	 <u>1,437,830</u>
 Total liabilities and net assets	 <u>\$ 1,544,071</u>	 <u>\$ 1,448,032</u>

The accompanying notes are an integral part of these financials.

LUMINA FOUNDATION FOR EDUCATION, INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2024 and 2023
(\$ in thousands)

	<u>2024</u>	<u>2023</u>
REVENUE		
Interest and dividends, net	\$ 7,072	\$ 7,426
Contributions and other	<u>6</u>	<u>16</u>
	7,078	7,442
EXPENSES		
Grants and program-related contracts	40,019	62,828
Salaries and related benefits	12,429	11,425
Convening	4,430	2,322
Federal excise tax provision	2,319	1,199
Consulting and professional fees	2,515	2,711
Travel and communication	1,196	1,085
Occupancy	1,026	839
Printing and supplies	891	485
Technology services and equipment	842	727
Depreciation and amortization	634	158
Sponsorships and dues	444	372
Other	<u>908</u>	<u>1,200</u>
	67,653	85,351
Expenses in excess of revenue	(60,575)	(77,909)
Investment realized/unrealized gains	<u>148,300</u>	<u>142,754</u>
Change in net assets	87,725	64,845
Net assets without donor restrictions, beginning of year	<u>1,437,830</u>	<u>1,372,985</u>
Net assets without donor restrictions, end of year	<u><u>\$ 1,525,555</u></u>	<u><u>\$ 1,437,830</u></u>

The accompanying notes are an integral part of these financials.

LUMINA FOUNDATION FOR EDUCATION, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2024 and 2023
(\$ in thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 87,725	\$ 64,845
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	688	171
Non-cash lease expense	686	776
Net realized gain on sale of investments	(73,234)	(42,021)
Net unrealized gain on investments	(75,066)	(100,733)
Changes in operating assets and liabilities		
Accrued interest and dividends	12	(464)
Beneficial interest in charitable remainder trusts	54	(122)
Other assets	747	(2,346)
Grants payable	175	370
Accounts payable and accrued expenses	667	260
Pension, Payroll, and related liabilities	(1,819)	(1,624)
Operating lease liabilities, net	(164)	(671)
Federal excise tax payable	<u>1,009</u>	<u>1,181</u>
Net cash used in operating activities	(58,520)	(80,378)
Cash flows from investing activities		
Proceeds from sale of investments	632,611	624,909
Purchase of investments	(558,809)	(522,613)
Purchase of property and equipment	<u>(2,383)</u>	<u>(1,685)</u>
Net cash provided by investing activities	71,419	100,611
Cash flows from financing activities		
Payments from line of credit facility	<u>-</u>	<u>(30,000)</u>
Net cash used in financing activities	<u>-</u>	<u>(30,000)</u>
Net change in cash and cash equivalents	12,899	(9,767)
Cash and cash equivalents, beginning of year	<u>12,903</u>	<u>22,670</u>
Cash and cash equivalents, end of year	<u>\$ 25,802</u>	<u>\$ 12,903</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ -	\$ 225
Operating lease right-of-use assets	5,109	-
Operating lease liabilities, net	6,600	-

The accompanying notes are an integral part of these financials.

LUMINA FOUNDATION FOR EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023
(\$ in thousands)

NOTE 1 – NATURE OF ORGANIZATION

Lumina Foundation for Education, Inc. (the Foundation) is a private, non-stock, not-for-profit corporation organized under and pursuant to the provisions of the General Corporation Law of the state of Delaware. The Foundation works to make opportunities for learning beyond high school available to all. The Foundation supports the creation of a system that is easy to navigate, delivers fair results, and meets the nation's need for talent through a broad range of credentials. The goal is to prepare people for informed citizenship and success in a global economy.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Income Taxes: The Internal Revenue Service has determined that the Foundation is exempt from federal income tax on related income under Section 501(a) of the Internal Revenue Code (the Code). The Foundation is a private foundation subject to federal excise tax on net investment income. Federal excise tax payable on December 31, 2024 and 2023 includes deferred excise taxes of \$5,038 and \$4,029, respectively, on unrealized appreciation of investments. The Foundation has also recorded a tax-related asset on December 31, 2024 and 2023 of \$864 and \$1,809, respectively, in relation to estimated payments made in excess of estimated taxes due.

The Foundation is subject to guidance related to accounting for uncertainty in income taxes. This guidance requires the Foundation to recognize a tax benefit only if it is more-likely-than-not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely to be realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded. The Foundation has examined this issue and determined there are no material contingent income tax liabilities or questionable income tax positions.

The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Foundation recognizes interest and/or penalties related to income tax matters in income.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The financial statements include investments valued at \$1,252,583 and \$1,241,911 as of December 31, 2024 and 2023, respectively, whose values have been estimated by an independent investment manager or a partnership general partner or valuation committee in the absence of readily ascertainable market values. Due to the inherent uncertainty of the valuation process, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material to the financial statements.

Cash and Cash Equivalents: Cash equivalents include financial instruments with an original maturity of three months or less when purchased. The Foundation routinely invests in money market funds. These funds generally invest in highly liquid U.S. Government obligations. Cash equivalents are carried at cost, which approximates fair value. The first \$250 of deposits per financial institution is insured by a U.S. Government agency.

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LUMINA FOUNDATION FOR EDUCATION, INC.
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Required Distributions: The Code provides that the Foundation generally must distribute for charitable purposes 5% of the average market value of its invested assets. As of December 31, 2024, the Foundation met the minimum distribution requirements. No additional distributions are required prior to January 1, 2025. Further, as of January 1, 2025, the Foundation has an estimated \$41,473 of qualified distributions (grants and qualifying expenses) in excess of the required distributed amount to carry forward for use for up to five years.

Investments: Investments in securities are measured at fair value, which are generally determined by reference to quoted market prices. Securities traded in less active markets may be valued by reference to other inputs, such as dealer quotes, transactions in less active markets or models using observable market information. Investment gain or loss (including realized and unrealized gains and losses on investments, equity earnings on investments, and interest and dividends, net of investment expenses) is included in the statements of activities, which are prepared on an accrual basis. Investment proceeds receivable represent sales of investments initiated but not yet settled as of December 31.

The fair value of investments in marketable alternatives, limited partnerships, limited liability companies, and certain pooled equities is estimated by management based upon net asset value (NAV) per share or its equivalent, provided by an independent investment advisor or a partnership general partner or advisory committee (approximately 84% and 90% of the fair value of investments as of December 31, 2024 and 2023, respectively).

Contributions: Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions; however, no such gifts have been received by the Foundation.

Grants and Program-Related Contracts: The full amount of grants is recognized as expenses in the period approved. Grants payable over multiple years are discounted to the present value. The Foundation contracts with various entities to further its mission. Program-related contracts are expensed as the services are performed. As of December 31, 2024 and 2023, outstanding commitments on program-related contracts totaled \$2,485 and \$7,689, respectively.

Conditional Grants: Conditional grants are grants that include both a barrier that must be overcome and either a right of return of assets transferred or a right of release of the Foundation's obligation to transfer assets. There were no conditional grants as of December 31, 2024 and 2023, respectively.

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's board of directors and management.

Net Assets with Donor Restrictions: Net assets with donor restrictions of a temporary nature are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Net assets with donor restrictions of a permanent nature have been restricted by donors to be maintained by the Foundation in perpetuity. The Foundation did not have any net assets with donor restrictions during 2024 or 2023.

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LUMINA FOUNDATION FOR EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
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(\$ in thousands)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment: Property and equipment is stated at cost. Depreciation and amortization are provided by the straight-line method over 3 to 10 years. Expenditures for maintenance, repairs and minor renewals are charged to expenses as incurred. Expenditures for additions, improvements, and replacements are capitalized and property replaced is accounted for as retirements. The Foundation capitalizes purchases of property and equipment cost more than \$1.5 with a useful life greater than one year or that result in the betterment of an existing capital asset.

Right-of-Use Assets and Liabilities: Pursuant to *Leases* (Topic 842), the Foundation determines if an arrangement is a lease at inception. Lease classification as a finance or operating lease is assessed on the lease commencement date. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statements of financial position. Finance leases, to the extent executed, are included in property, plant and equipment and other liabilities in the statements of financial position. The Foundation is not associated with any finance lease arrangements as of December 31, 2024.

ROU assets represent the right to use an asset for the lease term, and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Foundation uses the rate implicit in the lease whenever such rate is readily determinable. When the rate implicit in the lease is not determinable, the Foundation uses the risk-free rate as the discount rate for leases to determine the present value of lease payments.

Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. In addition, leasehold improvements are amortized over the shorter of the useful life and the remaining lease term, unless the lease transfers ownership of the underlying asset to the Foundation or the Foundation is reasonably certain to exercise an option to purchase the underlying asset, in which case the Foundation amortizes the leasehold improvements to the end of their useful life. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

To the extent that our lease agreements include rental payments based on usage or other changes in metrics, such as inflation, such payments are treated as variable lease payments. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Foundation has certain lease agreements with an initial term of 12 months or less, which are not expected to be renewed beyond one year. With respect to these types of agreements, short-term leases are not recorded on the statements of financial position and are recognized as lease expense on a straight-line basis over the lease term.

The Foundation has lease agreements with lease and non-lease components. The Foundation has elected the practical expedient to not separate non-lease components from lease components. Instead, the Foundation accounts for each lease component and associated non-lease components as a single lease component for all classes of underlying assets.

Functional Allocation of Expenses: Costs of providing the program and support services have been reported on a functional basis in the statements of activities. Grants and program costs are considered the activities focused on the Foundation's mission of learning beyond high school and include direct and indirect cost, such as salaries, benefits, professional fees and others. Management and general expenses include administrative and oversight expenses that are not directly identifiable with individual Foundation programs. Expenses by their natural classification that are attributable to more than one program require allocation on a reasonable basis that is consistently applied. Expenses that are allocated based upon total salaries and benefits applied to the respective function. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

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LUMINA FOUNDATION FOR EDUCATION, INC.
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(\$ in thousands)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications: Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets or total net assets.

Subsequent Events: The Foundation has performed an analysis of its activities and transactions subsequent to December 31, 2024, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2024.

Subsequent to year end, the Foundation entered into investment purchase agreements with one investment manager totaling \$12,000.

This analysis has been performed through August 18, 2025 the date the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

The following is a summary of investments at fair value:

	<u>2024</u>	<u>2023</u>
U.S. Government and U.S. Government Agency Bonds	\$ 18,996	\$ 19,829
Corporate Bonds and Asset-back securities	43,281	39,578
Equities	355,321	285,336
Marketable Alternative Investments	406,655	386,380
Partnerships	<u>661,977</u>	<u>655,702</u>
	<u>\$ 1,486,230</u>	<u>\$ 1,386,825</u>

NOTE 4 – EMPLOYEE BENEFITS PLANS

The Foundation sponsors a noncontributory, defined-benefit pension plan, a discretionary plan, and a savings investment plan. During 2024 and 2023, the Foundation recognized expenses for the savings investment plan of \$532 and \$512, respectively. During 2024 and 2023, the Foundation recognized a net actuarial change for the defined-benefit pension plan, resulting in a change each year of \$1,848 and \$1,721, respectively. All benefit plans remain active during the period covered.

NOTE 5 – LEASES

The Foundation leases certain offices, office equipment, and other equipment under long-term operating leases, which may be renewed in the ordinary course of business. The Washington, DC lease commenced in 2022 and extends for 111 months. The Foundation also entered into a property lease for office space in Indianapolis, Indiana during 2021, with total non-cancelable lease payments of approximately \$8,083. The lease commenced on March 1, 2024, and is anticipated to continue for a term of 128 months. In accordance with Leases (Topic 842), fixed minimum lease payments related to these leases are included in the ROU assets and lease liabilities as of December 31, 2024.

(Continued)

LUMINA FOUNDATION FOR EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
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(\$ in thousands)

NOTE 5 – LEASES (Continued)

It is expected that, in the normal course of business, leases that expire will be renewed or replaced by leases on other property and equipment. The Foundation leases have remaining lease terms of one year to 10 years, some of which include options to extend the leases for up to 10 years.

The Foundation has certain lease costs associated with third-party operating leases.

Lease expense associated with third-party operating leases was as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost		
Fixed lease cost	\$ 954	\$ 818
Variable lease cost	44	50
Total operating cost	<u>\$ 998</u>	<u>\$ 868</u>

The Foundation held no related-party leases for the years ended December 31, 2024 and 2023.

Supplemental financial position information related to leases was as follows:

	<u>2024</u>	<u>2023</u>
Operating leases		
Operating lease ROU asset	\$ 6,688	\$ 2,265
Variable lease liabilities	8,932	2,497

Treasury bills, notes, and bonds from the U.S. Department of Treasury will serve as the source of the risk-free rates used for the discount rate for leases to determine the present value of lease payments. As leases are executed, the Foundation incorporates that period's applicable risk-free rate (based on the term of the lease and the nature of the underlying asset) into the calculation of the lease liability.

The weighted-average remaining lease term and weighted-average discount rates associated with the Foundation's leases were as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term operating lease (in years)	9.21	7.45
Weighted-average discount rate operating lease	3.80%	2.50%

The following is a schedule of future minimum lease payments required under third-party operating leases and finance leases that have initial or remaining non-cancellable lease terms in excess of one year as of December 31, 2024 (in thousands):

2025	\$ 1,150
2026	1,104
2027	1,129
2028	1,155
2029	1,166
Thereafter	<u>4,961</u>
	10,665
Less: imputed interest	<u>(1,733)</u>
Total	<u>\$ 8,932</u>

(Continued)

LUMINA FOUNDATION FOR EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023
(\$ in thousands)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation applies Accounting Standards Codification (ASC) 820, Fair Value Measurement, which establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that are accessible at the measurement date. The fair value hierarchy gives the highest priority to Level 1 inputs..

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. Inputs may include recent transaction prices for similar assets, secondary market transaction prices for similar assets, independent appraisals, and/or private indices. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Certain investments are valued using the net asset value (NAV) (or its equivalent) provided by the fund as a practical expedient. Those investments include pooled equities, marketable alternative assets, and private asset investments, which are excluded from the valuation hierarchy.

Assets measured at fair value on a recurring basis are summarized by major category below:

Fair Value Measurements on December 31, 2024

	Total Investments	Level 1	Level 2	Level 3	Valued Using NAV Expedient
<i>Debt Securities</i>					
U.S. Government and government agency bonds	\$ 18,996	\$ -	\$ 18,996	\$ -	\$ -
Corporate bonds asset-backed securities	43,281	-	43,281	-	-
<i>Equities</i>					
Domestic exchange-traded funds	68,354	68,354	-	-	-
Global exchange-traded funds	36,343	36,343	-	-	-
Pooled domestic	97,190	-	-	-	97,190
Pooled international	26,023	-	-	-	26,023
Pooled global	119,467	-	-	-	119,467
Pooled emerging and frontier markets	7,944	-	-	-	7,944
<i>Marketable Alternative Assets</i>	406,655	-	-	-	406,655
<i>Private Assets</i>					
Buyout and venture capital	411,605	-	-	40,976	370,629
Real estate and resource related	156,376	-	-	-	156,376
Other strategies	30,978	-	-	-	30,978
Program related investments	25,698	-	-	25,698	-
Mission related investments	37,320	-	-	-	37,320
Total investments	\$ 1,486,230	\$ 104,697	\$ 62,277	\$ 66,674	\$ 1,252,582

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LUMINA FOUNDATION FOR EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
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(\$ in thousands)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements on December 31, 2023

	Total Investments	Level 1	Level 2	Level 3	Valued Using NAV Expedient
<i>Debt Securities</i>					
U.S. Government and government agency bonds	\$ 19,829	\$ -	\$ 19,829	\$ -	\$ -
Corporate bonds asset-backed securities	39,578	-	39,578	-	-
<i>Equities</i>					
Energy	332	-	-	-	332
Global exchange-traded funds	15,872	15,872	-	-	-
Pooled domestic	125,893	-	-	-	125,893
Pooled international	30,990	-	-	-	30,990
Pooled global	92,616	-	-	-	92,616
Pooled emerging and frontier markets	19,633	-	-	-	19,633
<i>Marketable Alternative Assets</i>	386,380	-	-	-	386,380
<i>Partnerships</i>					
Buyout and venture capital	366,798	-	-	37,147	329,651
Real estate and resource related	170,930	-	-	-	170,930
Other strategies	48,480	-	-	-	48,480
Program related investments	28,659	-	-	28,659	-
Mission related investments	40,835	-	-	-	40,835
Total investments	\$ 1,386,825	\$ 15,872	\$ 59,407	\$ 65,806	\$ 1,245,740

Inputs and Valuation Technique

U.S. Government bonds and agency bonds, corporate bonds and asset-backed securities: U.S. Government bonds and U.S. Government agency bonds, corporate bonds, and asset-backed securities are valued without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to the benchmark quoted securities or on models using market information (Level 2 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

Equity Securities

Common stock and public exchange-traded equity: Common stock and exchange-traded public equity investments are direct investments in common stocks and exchange-traded funds ("ETFs"). The fair values are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Pooled equity: Pooled equity investments consist of commingled funds which are invested in equity securities in the specified geography or market strategy. These limited partnership funds are valued by the managers, utilizing standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on public securities exchanges, the values represent the publicly traded values; the Foundation's management has transparency to the holdings of these funds. NAVs are generally determined monthly, and the Foundation possesses the ability to redeem its investment at the NAV. Redemptions may be made monthly, semi-monthly, quarterly, semi-annually, or annually, with notice periods ranging from 6 days to 12 months when applicable. Certain funds are subject to lock-ups of up to three years, or the fund balance is in illiquid side pocket investments.

Marketable Alternative Investments

Marketable alternative investments comprise investments in hedge funds that employ a variety of strategies, including U.S. and global long/short, event and diversified arbitrage, credit strategies and regionally focused strategies. These funds may invest in a mixture of public and private securities. The funds seek to generate positive risk-adjusted returns across the market cycle.

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LUMINA FOUNDATION FOR EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
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(\$ in thousands)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Foundation uses the NAV expedient to determine fair value for these investments. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on public securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach.

The Foundation possesses the ability to redeem its investment at the NAV. Redemptions may be made monthly, quarterly, semi-annually, or annually with notice periods ranging from 45 to 150 days. In certain instances, however, lock-ups of up to three years are in place, or the fund balance is in illiquid side pocket investments.

Private Assets

The role of the private market allocation is to further diversify the portfolio using illiquid private investments with the goal of capturing returns that rise above those earned in public markets. From a portfolio perspective, private markets are considered a primary driver of long-term growth for the investment program. These investments can be made across the capital structure of a business (debt and equity), as well as across a range of potential strategies that include buyout, venture, growth capital, secondary and co-investments

The fair values of these investments have been estimated using the NAV of the Foundation's ownership interest in partners' capital under the market approach. Holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. The Foundation's management has reviewed the valuations reported by investment managers and determined that NAV is a reasonable and prudent estimate of fair value. These investments cannot be redeemed at NAV with the fund managers. Private asset investments are not readily marketable, and their estimated value is subject to uncertainty. Therefore, there may be a material difference between their estimated value and the value received if sold.

Distributions from each partnership will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 3-10 years.

Mission-Related Investments (MRIs): MRI assets are investments in education and workforce development-focused private asset funds. These funds are similar to other private equity buyout and venture capital funds, but with a specific focus on areas germane to Lumina's mission. The investments in 2024 and 2023 are valued at estimated market values of \$37,320 and \$40,835, respectively, based on NAV.

Program-Related Investments (PRIs): Unlike the other private market investments, these investments consist of interests in entities operating in the education sector as of December 31, 2024 and 2023, respectively. Such investments are stated at fair value as estimated in an inactive market. These investments include securities of private companies that are illiquid by nature. The value of these investments is estimated using a variety of methods under the Level 3 category (unobservable in the public markets). The investments in 2024 and 2023 are valued at estimated market values of \$25,698 and \$28,659, respectively.

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NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Unfunded Commitments: The Foundation's unfunded commitments to partnerships at December 31 are summarized below:

	<u>2024</u>	<u>2023</u>
Buyout and venture capital partnerships	\$ 137,706	\$ 171,697
Real estate and resource-related partnerships	32,461	40,850
Other strategies partnerships	26,459	28,248
Education-related partnerships	<u>17,184</u>	<u>21,848</u>
	<u>\$ 213,810</u>	<u>\$ 262,643</u>

NOTE 7 – LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 25,802	\$ 12,903
Investment proceeds receivable	14,540	39,446
Investments	1,486,230	1,386,825
Accrued interest and dividends	<u>818</u>	<u>830</u>
	1,527,390	1,440,004
Less: investments with liquidity in excess of one year	<u>(857,940)</u>	<u>(845,965)</u>
	<u>\$ 669,450</u>	<u>\$ 594,039</u>

As part of the Foundation's liquidity management, the Foundation invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, effective 12/31/24, the Foundation has committed lines of credit available in the amount of \$75M, as further described in Note 8

NOTE 8 – LINES OF CREDIT

Effective December 31, 2024, the Foundation entered into new credit arrangements with Northern Trust totaling \$75 million. The arrangements consist of a \$50 million fully committed facility, bearing interest at the Secured Overnight Financing Rate (SOFR) plus 75 basis points at the time of borrowing, and a \$25 million uncommitted facility, also bearing interest at SOFR plus 75 basis points at the time of borrowing. Both facilities mature in December 2025.

Earlier in 2024, the Foundation renewed two existing credit facilities. The first facility was reduced from \$100 million to \$75 million and bore interest at SOFR plus 140 basis points at the time of borrowing. The second facility remained at \$25 million, with all other terms unchanged. These facilities matured in December 2024. As of December 31, 2024 and 2023, the Foundation had no outstanding borrowings under either facility.

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NOTE 8 – LINES OF CREDIT (Continued)

Effective April 2022 and maturing in April 2024, the Foundation increased its total available lines of credit to \$125 million with two banking institutions. The first facility was a \$100 million fully committed facility bearing interest at SOFR plus 86 basis points at the time of borrowing. The second facility was a \$25 million uncommitted facility bearing interest at SOFR plus 60 basis points at the time of borrowing.

NOTE 9 – RELATED PARTIES

The Foundation requires all covered persons to annually disclose all relationships in which a person has an interest or relationship, whether business, professional, charitable, or familial. Covered persons include directors, officers of the Foundation, members of committees created by the Board of Directors and current and former employees. In all business or funding decisions made with respect to entities in which a covered member has a relationship, the covered person is excluded from the decision-making process.

Under the Foundation's conflict of interest policy, all transactions between the Foundation and entities where a covered person has a key or influential role are tracked and reviewed, and steps are taken by the Board to ensure that the transactions are appropriate. For the years ended December 31, 2024 and 2023, disbursements to the entities described above primarily included grants paid totaling approximately \$3,479 and \$5,775, respectively.

Under the Foundation's grant-matching program, current and retired employees and directors are eligible to have personal contributions matched by the Foundation to non-profit entities under Section 501(c)(3) of the Code, and not a private foundation under Section 509(a) of the Code. Matching gifts may not be credited toward participant pledges or to a participant-controlled, donor-advised fund. Contributions are matched on a three-to-one basis, with the total match amount paid by the Foundation in one year not to exceed \$60 per person. For the years ended December 31, 2024 and 2023, amounts paid to related entities as described above were \$436 and \$384, respectively.

Under the Foundation's grant designation program, members of the Foundation's Board of Directors may designate up to \$25 in educational or charitable grants annually for the years ended December 31, 2024 and 2023, respectively. The organizations must meet the same requirements as the grant-matching program. These grants may not satisfy a personal pledge or be in exchange for any goods, services or other benefits of the director, such as to be used for payment for tuition or other personal obligations. For the years ended December 31, 2024 and 2023, amounts contributed under this program to related entities as described above totaled were \$152 and \$165, respectively.

NOTE 10 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Foundation is a designated beneficiary of two charitable remainder unitrusts (trusts). The trusts provide for the payment of distributions to other designated beneficiaries over the lifetimes of the named beneficiaries. At the end of the trusts' terms, the Foundation is designated to receive 50% of the remaining assets. A discount rate of 5% was applied to calculate the portion of the trusts attributable to the beneficial interest of the Foundation of \$676 and \$730 as of December 31, 2024 and 2023, respectively.

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LUMINA FOUNDATION FOR EDUCATION, INC.
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NOTE 11 – FUNCTIONAL EXPENSES

The following tables present the Foundation's expenses by both their functional and natural classifications. External and direct internal investment expenses have been netted against investment income (loss), net and are not included in the following tables.

Expenses categorized by their function and type for the year ended December 31, 2024, are as follows:

	Grants and Programs	Management and General	Total
Grants and program-related contracts	\$ 40,019	\$ -	\$ 40,019
Salaries and related benefits	9,319	3,110	12,429
Excise tax	-	2,319	2,319
Consulting and professional fees	654	1,861	2,515
Convening	4,430	-	4,430
Communication and travel	897	299	1,196
Sponsorships and dues	333	111	444
Occupancy	769	257	1,026
Printing & Supplies	668	223	891
Depreciation and amortization	475	159	634
Technology services and equipment	632	210	842
Other	681	227	908
	<u>\$ 58,877</u>	<u>\$ 8,776</u>	<u>\$ 67,653</u>

Expenses categorized by their function and type for the year ended December 31, 2023, are as follows:

	Grants and Programs	Management and General	Total
Grants and program-related contracts	\$ 62,828	\$ -	\$ 62,828
Salaries and related benefits	8,566	2,859	11,425
Excise tax	-	1,199	1,199
Consulting and professional fees	777	1,934	2,711
Convening	2,322	-	2,322
Communication and travel	813	272	1,085
Sponsorships and dues	279	93	372
Occupancy	629	210	839
Printing & Supplies	364	121	485
Depreciation and amortization	119	39	158
Technology services and equipment	545	182	727
Other	870	330	1,200
	<u>\$ 78,112</u>	<u>\$ 7,239</u>	<u>\$ 85,351</u>