INDIAN HILLS COMMUNITY COLLEGE FOUNDATION, INC.
OTTUMWA, IOWA

FINANCIAL REPORT
JUNE 30, 2026 AND 2025

INDIAN HILLS COMMUNITY
COLLEGE FOUNDATION, INC.

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ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Your Success Is Our Business."

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Indian Hills Community College
Foundation, Inc.
Ottumwa, Iowa

Opinion

We have audited the accompanying financial statements of Indian Hills Community College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indian Hills Community College Foundation, Inc. as of June 30, 2026, and the changes in their net assets and their 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 Indian Hills Community College Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Indian Hills Community College Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Indian Hills Community College Foundation, Inc.'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 Indian Hills Community College Foundation, Inc.'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.

Report on Summarized Comparative Information

We have previously audited the Indian Hills Community College Foundation, Inc.'s 2025 financial statements, and expressed an unmodified audited opinion on those audited financial statements in our report dated October 20, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co., P.C.

Ottumwa, Iowa
October 12, 2026

FINANCIAL STATEMENTS

INDIAN HILLS COMMUNITY
COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2025

	2026	2025
ASSETS		
Cash and cash equivalents	$ 165,204	$ 570,862
Receivables:		
Contributions, net of discounts	1,929,973	2,568,221
Accounts receivable	611,128	-
Investments	23,253,553	23,684,200
Restricted cash and restricted investments	14,365,787	13,278,372
TOTAL ASSETS	$ 40,325,645	$ 40,101,655
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 1,093,880	$ 402,024
TOTAL LIABILITIES	1,093,880	402,024
NET ASSETS:		
Without donor restrictions:		
Board designated net assets	15,522,840	15,504,666
Undesignated	2,918,577	4,369,807
Total net assets without donor restrictions	18,441,417	19,874,473
With donor restrictions	20,790,348	19,825,158
TOTAL NET ASSETS	39,231,765	39,699,631
TOTAL LIABILITIES AND NET ASSETS	$ 40,325,645	$ 40,101,655

See Accompanying Notes to Financial Statements

INDIAN HILLS COMMUNITY
COLLEGE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2025

	2026			2025
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	$ 364,041	965,190	$ 1,329,231	$ 1,096,146
Investment loss, net	(114,622)	-	(114,622)	(10,618)
Net realized and unrealized gain on investments	4,089,333	-	4,089,333	3,448,125
Special events and activities	53,921	-	53,921	7,421
TOTAL REVENUES, GAINS AND OTHER SUPPORT	4,392,673	965,190	5,357,863	4,541,074
EXPENSES:				
Program services	2,157,695	-	2,157,695	1,793,623
Support services	3,577,097	-	3,577,097	3,395,476
Fundraising	90,937	-	90,937	92,618
TOTAL EXPENSES	5,825,729	-	5,825,729	5,281,717
CHANGE IN NET ASSETS	(1,433,056)	965,190	(467,866)	(740,643)
NET ASSETS - Beginning of year	19,874,473	19,825,158	39,699,631	40,440,274
NET ASSETS - End of year	$ 18,441,417	$ 20,790,348	$ 39,231,765	$ 39,699,631

See Accompanying Notes to Financial Statements

INDIAN HILLS COMMUNITY
COLLEGE FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Support Services	Fundraising	Total 2026	Total 2025
Scholarships	$ 2,157,695	$ -	$ -	$ 2,157,695	$ 1,793,623
Salaries and benefits	-	37,126	82,309	119,435	116,170
Professional services	-	10,227	-	10,227	11,535
Printing and copying	-	3,395	-	3,395	2,500
Donations	-	3,304,262	-	3,304,262	2,981,738
Donation - equipment	-	49,639	-	49,639	255,561
Group meeting/workshop	-	12,943	8,628	21,571	20,869
Materials and supplies	-	8,613	-	8,613	5,777
Other services	-	93,822	-	93,822	71,532
Other expenses	-	57,070	-	57,070	22,412
TOTAL FUNCTIONAL EXPENSES	$ 2,157,695	$ 3,577,097	$ 90,937	$ 5,825,729	$ 5,281,717

See Accompanying Notes to Financial Statements

INDIAN HILLS COMMUNITY
COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (467,866)	$ (740,643)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	(4,089,333)	(3,448,125)
Non cash fundraising and general and administrative expenses	119,435	116,170
Contributed services	(119,435)	(116,170)
Change in operating assets and liabilities:		
Decrease in contribution receivable	638,248	1,686,388
Increase in accounts receivable	(611,128)	-
Increase (decrease) in accounts payable	691,856	(2,627,952)
NET CASH USED IN OPERATING ACTIVITIES	(3,838,223)	(5,130,332)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	-	1,156,489
Purchase of investments	(13,194,210)	(17,195,617)
Proceeds from sale of investments	15,191,518	18,479,974
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,997,308	2,440,846
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,840,915)	(2,689,486)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	2,646,545	5,336,031
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	$ 805,630	$ 2,646,545
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash and cash equivalents consist of the following:		
Cash and cash equivalents	$ 165,204	$ 570,862
Restricted cash	640,426	2,075,683
Cash, cash equivalents, and restricted cash	$ 805,630	$ 2,646,545

See Accompanying Notes to Financial Statements

INDIAN HILLS COMMUNITY
COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Reporting Entity

The Foundation is a not-for-profit organization established to solicit and receive gifts and grants and make contributions to or for the benefit of Indian Hills Community College located in Southeast Iowa.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under FASB, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Endowment

Contributors to the funds intend that the value of their gifts should be maintained, preserved, and carefully enhanced over time. The purchasing power of the assets should be maintained by investing to achieve moderate principal appreciation.

Short-term fluctuations in the market may result in the loss of capital on occasion. Nevertheless, in the absence of contributions and withdrawals, the asset value of this fund should grow in the long-term and achieve a return on assets that is in excess of two percent above the anticipated rate of inflation as measured by the Consumer Price Index.

The Foundation's Board has determined that the Foundation can tolerate some interim fluctuation in the funds' market value and rates of return in order to achieve long-term growth objectives. Given this, the Foundation has determined that its risk tolerance is conservative.

The Foundation's Board has interpreted the State Prudent Management of Institutional Funds Act 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.

Valuation of Investments

In determining fair value, the Foundation uses various valuation approaches. FASB establishes a fair value measurement framework, provides a single definition of fair value, and requires expanded disclosure summarizing fair value measurements. FASB emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

Valuation of Investments (Continued)

The statement establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs reflect the Foundation's assumption about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is measured in three levels based on the reliability of inputs:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Level 2 – Valuations based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 – Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and not based on market, exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Foundation only holds Level 1 and Level 2 instruments.

Contributions

The Foundation accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board. In accordance with FASB, contributions received are recorded as increases in support with or without donor restrictions, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Foundation's policy to show net assets with donor restrictions that are received and expended in the same year as contributions without donor restrictions.

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. Services received from personnel of affiliates without seeking reimbursement from the Foundation are recognized and recorded at fair value as a contribution on the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises are not included as support until the conditions are substantially met.

Deferred Revenue

Income from special events is deferred and recognized in the period to which the respective events are held.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Functional Expense Allocations

The financial statements report certain categories of expenses that are attributable to more than one program, supporting or fundraising function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All scholarship expense was allocated to program services. Salaries and related expenses were allocated on the basis of time spent for supporting services and for fundraising services.

Income Tax Status

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable or educational purposes. The Foundation has been classified as an entity that is not a private foundation.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Risks and Uncertainties

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 2: CONTRIBUTIONS RECEIVABLE

Included in contributions receivable at June 30, 2026 are the following unconditional promises to give which are reflected at the present value of future cash flows using a discount rate of 4.96%.

Receivable in less than one year	$	747,000
Receivable in one to five years		979,000
Receivable in six to ten years		367,925
Total unconditional promises to give		2,093,925
Less discounts to net present value		(163,952)
Net unconditional promises to give	$	1,929,973

NOTE 3: INVESTMENTS, RESTRICTED CASH AND RESTRICTED INVESTMENTS

Restricted cash and restricted investments consist of assets with donor restrictions to be used for scholarships.

Investments, restricted cash and restricted investments as of June 30, 2026, consisted of the following:

Cash and cash equivalents	$	640,426
Corporate government bonds		11,077,229
Corporate stocks		25,901,685
	$	37,619,340

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2026:

		Without Donor Restrictions
Investment loss, net	$	(114,622)
Net unrealized gains		1,911,964
Net realized gains		2,177,369
Total investment return	$	3,974,711

NOTE 4: ENDOWMENT

The Foundation's endowment consists of funds established for the purpose of providing scholarships for students of Indian Hills Community College. Its endowment includes both endowment funds with donor restrictions and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2026:

NOTE 4: ENDOWMENT (Continued)

		With Donor Restrictions			
	Without Donor Restrictions	Subject to expenditure	Not subject to expenditure	Total	Total
Endowment net assets, beginning of year	$ 19,874,473	$ 6,546,786	$ 13,278,372	$ 19,825,158	$ 39,699,631
Investment return:					
Investment income, net	(114,622)	-	-	-	(114,622)
Net appreciation (realized and unrealized)	4,089,333	-	-	-	4,089,333
Total investment return	3,974,711	-	-	-	3,974,711
Contributions	364,041	-	965,190	965,190	1,329,231
Appropriation of endowment assets for expenditure	(2,157,695)	-	-	-	(2,157,695)
Other changes:					
Other income	53,921	-	-	-	53,921
Other expenses	(3,668,034)	-	-	-	(3,668,034)
Total other changes	(3,614,113)	-	-	-	(3,614,113)
Endowment net assets, end of year	$ 18,441,417	$ 6,546,786	$ 14,243,562	$ 20,790,348	$ 39,231,765

Endowment Net Asset Composition by Type of Fund as of June 30, 2026:

		With Donor Restrictions			
	Without Donor Restrictions	Subject to expenditure	Not subject to expenditure	Total	Total
Donor-restricted endowment funds	$ -	$ 6,546,786	$ 14,243,562	$ 20,790,348	$ 20,790,348
Board-designated endowment funds	18,441,417	-	-	-	18,441,417
	$ 18,441,417	$ 6,546,786	$ 14,243,562	$ 20,790,348	$ 39,231,765

NOTE 5: FAIR VALUE MEASUREMENTS

The Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with FASB. See Note 1 for a discussion of the Foundation's policies.

The Foundation's assets measured at fair value on a recurring basis are as follows:

NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

June 30, 2026	Fair value	(Level 1)	(Level 2)
Investments, restricted cash and restricted investments:			
Cash and cash equivalents	$ 640,426	$ 640,426	$ -
Corporate and government bonds	11,077,229	-	11,077,229
Corporate stocks	25,901,685	25,901,685	-
	$ 37,619,340	$ 26,542,111	$ 11,077,229

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are subject to expenditure for the following purposes:

	June 30, 2026
Scholarships	$ 6,446,389
Nursing program	100,397
	$ 6,546,786

Net assets with donor restrictions that are subject to expenditure consist of contributions received whose use has been limited by donor imposed time restrictions or purpose restrictions. There were no net assets released from restriction for the year ended June 30, 2026.

Net assets with donor restrictions that are not subject to expenditure are assets held in trust perpetuity, the income from which is expendable to provide scholarships to Indian Hills Community College students.

	June 30, 2026
Endowment funds held in trust	$ 14,243,562

NOTE 7: BOARD DESIGNATED NET ASSETS

The Foundation's net assets without donor restrictions include the following amounts, as designated by the Board of Director's:

	June 30, 2026
Perpetual funds for scholarships	$ 15,522,840

NOTE 7: INSURED DEPOSITS

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts The Foundation's cash balance exceeded the limits by $311,020 at June 30, 2026. The Foundation also maintains a portion of its cash in investment brokerage accounts which are not federally insured.

NOTE 8: FUNDRAISING

Total fundraising expense for the year ended June 30, 2026 was $92,618. Fundraising expenses totaled 8.4% of contribution and special events and activities revenue in the statements of activities. The ratio of expenses to amounts raised is computed using actual expenses and related revenues on the accrual basis.

NOTE 9: RELATED PARTY TRANSACTIONS

Indian Hills Community College, an affiliate, provides the use of employees to operate the Foundation without seeking reimbursement from the Foundation for these services. These services are recorded as a contribution to the Foundation while simultaneously recognizing the expense in which the contributed services relates which is calculated on an employee by employee basis based on the amount of time spent at their respective rates in effect during the year. During the year ended June 30, 2026, the Foundation recognized contributions with offsetting wages, taxes and benefits for fundraising and general and administration in the amounts of $116,170.

The Foundation also supports the College by providing scholarships for students of Indian Hills Community College that qualify by meeting certain criteria. During the years ending June 30, 2026, the Foundation paid $1,793,623 to the College for scholarships.

NOTE 10: AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of June 30, 2026, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets, at year end	$ 40,325,645
Less those unavailable for general expenditures within one year due to:	
Contractual or donor imposed restrictions:	
Restricted by donor with time or purpose restrictions	(20,790,348)
Board designations:	
Quasi-endowment fund, primarily for long-term investing	(15,522,840)
Financial assets available to meet cash needs for general expenditures within one year	4,012,457

Cash and cash equivalents	$ 165,204
Investments	23,253,553
Accounts receivable	611,128
Contribution receivable	1,929,973
Restricted cash and restricted investments	14,365,787
Less: Assets restricted by donor with time or purpose restrictions	(20,790,348)
Assets included in quasi-endowment	(15,522,840)
	$ 4,012,457

NOTE 11: AVAILABILITY OF FINANCIAL ASSETS (Continued)

Indian Hills Community College Foundation Inc. is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Indian Hills Community College Foundation Inc.'s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 12: EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 12, 2026, the date which the financial statements were available to be issued.