ALABAMA STATE UNIVERSITY FOUNDATION, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2025

GRAYSON
ACCOUNTING & CONSULTING

ALABAMA STATE UNIVERSITY FOUNDATION, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Alabama State University Foundation, Inc.

Opinion

We have audited the accompanying financial statements of the Alabama State University Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 Alabama State University Foundation, Inc. as of December 31, 2025, 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 Alabama State University 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.

Management's Responsibility 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 Alabama State University Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Member – Florida Institute of Certified Public Accountants / American Institute of Certified Public Accountants

Auditor's Responsibility

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 Alabama State University 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 Alabama State University 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.

Grayson Accounting & Consulting, P.A.

Tallahassee, Florida
September 24, 2026

ALABAMA STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025

ASSETS

Current Assets	
Cash and Cash Equivalents	12,530,528
Accounts Receivable	71,032
Prepaid expenses	3,227
Investments	3,836,088
Total current assets	16,440,875
Total Assets	**16,440,875**

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued expenses	13,085
Net Assets	
Without Donor Restrictions	4,526,898
With Donor Restrictions	11,900,892
Total Net Assets	16,427,790
Total Liabilities and Net Assets	**16,440,875**

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ALABAMA STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions and Support	7,899,483	908,240	8,807,723
Interest & Dividends	371,899	93,676	465,575
Net realized and unrealized gain (loss) on investments	-	306,143	306,143
Total support and revenues	8,271,382	1,308,059	9,579,441
EXPENSES WITHOUT DONOR RESTRICTIONS			
Program Expenses			
University Support	4,468,137		4,468,137
Athletic Support	1,171,193		1,171,193
Total Program Services	5,639,330		5,639,330
Management and General	397,002		397,002
Total expenses	6,036,332		6,036,332
Increase (decrease) in net assets	2,235,050	1,308,059	3,543,109
Net assets, beginning of the year	2,291,848	10,592,833	12,884,681
Net assets, end of year	**4,526,898.00**	**11,900,892**	**16,427,790**

ALABAMA STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	University Support	Athletic Support	Management and General	Total
Advertising	14,763	45,455	-	60,218
Awards and grants	24,030	8,953	-	32,983
Bank fees	1,029	-	45,780	46,809
Camp expenses	4,100	22,851	-	26,951
Computer services and technology	15,769	-	-	15,769
Conferences, Meetings, Conventions, and Events	883,765	96,815	411	980,991
Equipment	134,334	90,566	-	224,900
Gifts and honorariums	94,662	1,485	-	96,147
Hospitality and receptions	302,212	51,279	-	353,491
Insurance	-	-	10,788	10,788
Investment advisory fees	-	-	34,911	34,911
Membership dues and subscriptions	100,060	9,275	-	109,335
Miscellaneous	390,364	174,802	18,486	583,652
Professional fees	32	-	32,524	32,556
Salaries and wages	581,246	160,697	232,529	974,472
Scholarships and donations	1,024,629	31,038	-	1,055,667
Staff development	6,164	83,653	-	89,817
Supplies	114,024	26,489	-	140,513
Postage and shipping	20,612	42	-	20,654
Printing and copying	17,678	91,802	-	109,480
Taxes (foreign)	10	-	-	10
Travel	505,421	113,782.00	21,573	640,776
Uniforms and apparel	233,233	162,209	-	395,442
Total Expenses	**4,468,137**	**1,171,193**	**397,002**	**6,036,332**

ALABAMA STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	3,543,109
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Decrease in accounts receivable	402,371
Increase in prepaid expenses	(3,227)
Increase in accounts payable	(4,212)
Unrealized gain on investments	(306,143)
Decrease in accounts payable and accrued liabilities	(4,131)
Net cash provided by (used in) operating activities	3,627,767
CASH FLOWS FROM INVESTING ACTIVITIES	
Net investment purchases/sales and other investing activity	(46,785)
Net cash provided by (used in) investing activities	(46,785)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,580,982
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,949,546
CASH AND CASH EQUIVALENTS, END OF YEAR	**12,530,528**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Alabama State University Foundation, Inc. (the “Foundation") is the financial portal for philanthropic giving to Alabama State University (the "University"). Private support for the University, given to the Foundation for the benefit of the University, enables the University to transform lives through education, research, and community engagement. The Foundation focuses its efforts on donor stewardship through customer service and assurance in gift acceptance, administration, and reporting and on prudent investment management.

The mission of the Alabama State University Foundation, Inc. is to perpetuate a viable organization that will support the educational needs and goals of Alabama State University, its faculty, and students via responsible management of financials programs.

The Foundation is a 501(c)(3) charitable organization chartered in 1967. The Foundation is governed by a board of directors. The Foundation has been authorized by the Board of the University to receive, hold, invest, and transfer funds for the benefit of the University. The Foundation performs the following:

- Receives, accepts, and processes gifts and bequests for the University's benefit.
- Establishes and accounts for current funds.
- Administers and distributes gift funds to university programs, ensuring that donor intent is honored.
- Stewards gift assets by prudently managing and investing gift funds.

A. Basis of Accounting and Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Contribution revenue is recognized when an unconditional promise to give is made or when the contribution is received, whichever occurs first. Expenditures are recorded when materials are received, or services are rendered. The Foundation reports 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. These two classifications are defined as follows:

- **Net assets without donor restrictions:** Net assets that are not restricted by donors or the donor-imposed restrictions have expired or been fulfilled.

- **Net assets with donor restrictions:** Net assets contain donor-imposed restrictions that permit the Foundation to use or expend the donated assets as specified and are satisfied either by the passage time or by actions of the Foundation, or restrictions that stipulate those resources be maintained.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Contributions Restrictions

Contributions of cash, investments, and other assets without donor stipulation are reported as revenues of the net asset class without donor restrictions. Contributions of cash, investments, and other assets with a donor stipulation that limits their use for scholarships and academic and program support purposes are reported as revenues of the net assets class with donor restrictions. Contributions of cash, investments, and other assets for which only the income can be expensed for scholarships and general operating support purposes are reported as revenues of the net asset class with donor restrictions.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires, and at that time, the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions and investment returns having donor stipulations that are satisfied in the same period received or earned are reported as revenue and net assets with donor restrictions and shown as a net asset released from restrictions.

C. Revenue and Revenue Recognition

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenue in the period received.

Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Amounts received in excess of revenue recognized under conditional grants and contributions are reflected as refundable advances in the accompanying statements of financial position.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

reported amounts of revenue and expenses during the reporting period. Estimates include the allocation of functional expenses. Accordingly, actual results could differ from those estimates.

D. Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents and money market accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation up to$250,000. Potential concentrations of credit risk include cash and cash equivalents, investments, and contributions receivable. A significant portion of the funds are not insured by the FDIC or a related entity. Investments are made primarily by investment managers engaged by the Foundation's Board of Directors. Investments are regularly monitored by the Foundation's Board of Directors.

E. Cash Equivalents

For reporting purposes, the Foundation considers all demand deposits and highly liquid investments purchased with an initial maturity of three months or less to be cash or cash equivalents.

F. Investments

Investments, primarily consisting of mutual funds, equity securities and certificates of deposits, are stated at fair value. The Foundation records investments contributed to the Foundation at fair values as of the date received. Unrealized holding gains and losses, interest and dividends net of investment and custodial fees are reflected in investment income.

Generally, all investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risk in the near term could materially affect amounts reported in statement of financial position and activities and changes in net assets.

G. Custodial Funds

The Foundation holds and invests certain funds in the trust account managed by Merrill on behalf of the Foundation.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Management believes that all revenue-producing activities of the Foundation comply with Section 501(c)(3) of the Internal Revenue Code; accordingly, no accrual for income taxes has been made in the accompanying financials statements.

The Foundation applies guidance issued by the Financial Accounting Standards Board (FASB) relating to uncertainty in income taxes. The guidance requires entities to assess their tax positions for the likelihood that they would be overturned upon IRS examination or upon examination by state taxing authorities. In accordance with this guidance, the Foundation has assessed its tax positions and determined that it does not have any positions at December 31, 2025, that it would be unable to substantiate.

Under statue, the Foundation is subject to IRS and state taxing authority review for the years ended December 31, 2022, through December 3l, 2025. The Foundation has filed tax returns through December 31, 2025.

I. Functional Expense Allocations

The Foundation allocates functional expenses between three categories: University Support, Athletic Support, and Management and General. The costs of providing programs and activities have been allocated among the program services and supporting services benefited and are summarized on a functional basis in the statement of activities and changes in net assets. These allocations are based on estimates determined by management. All other expenses are directly charged to the functions they benefit.

J. Change in Accounting Principal

The Financial Accounting Standards Board has issued new accounting guidance or modifications to, or interpretations of, existing accounting guidance. The Foundation has considered the new un-adopted guidance and does not believe that any other new or modified guidance will have a material impact on the organization's reported net position or activities in the near term.

NOTE 2 - LIQUIDITY

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

Liquidity

Cash and Cash Equivalents	12,530,528
Investments	3,836,088
Donor-restricted for use of scholarships, academic support and program management	(11,900,892)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,465,724

As part of the Foundation'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 3 - NET ASSETS

At December 31, 2025, net assets consisted of the following:

Net Assets

Without Donor Restrictions	4,526,898
With Donor Restrictions	11,900,892
Total Net Assets	16,427,790

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation classifies certain of its assets and liabilities based upon the established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level I - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date;

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly; and

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2025.

Fair Value Hierarchy - Level 1

	Fair Value	
	2025	**2024**
Level 1 - Equity Securities, Money Market and Mutual Funds	3,836,088	3,471,190
Total Investments	3,836,088	3,471,190

Certificates of Deposit: Valued at anticipated future principal and interest payments at the end of the reporting period.

Cash and Money Market Funds: Valued based on quoted market prices of identical assets on active exchanges.

Equity Securities: Valued at the closing price reported in active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents investments at fair value as of December 31, 2025:

Investments	Fair Value	Level 1
Money Market / Mutual Funds	718,591	718,591
Fixed Income and Equities	3,117,497	3,117,497
Total	3,836,088	3,836,088

NOTE 5 – PRIOR PERIOD ADJUSTMENT

The financial statements include an increase of $127,250 to the unrestricted net asset balance. The adjustment was made to correct the cumulative effect of the collection of accounts receivable balances that had been inadvertently written off as uncollectible.

NOTE 6 - DATE OF MANAGEMENT REVIEW

In preparing these financial statements, the Alabama State University Foundation, Inc. has evaluated events and transactions for potential recognition or disclosure through September 24, 2026, the date the financial statements were available to be issued.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. We have evaluated subsequent events through the issuance date of the audit report, September 24, 2026, and there were no subsequent events to be disclosed.