Report of Independent Auditors
and Financial Statements

The Frank Lloyd Wright Foundation

July 31, 2025 and 2024



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Report of Independent Auditors

The Board of Trustees
The Frank Lloyd Wright Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Frank Lloyd Wright Foundation, which comprise the statements of financial position as of July 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Frank Lloyd Wright Foundation as of July 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Frank Lloyd Wright Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Frank Lloyd Wright 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 Frank Lloyd Wright 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.

Baker Tilly US, LLP

Phoenix, Arizona
November 6, 2025

Financial Statements

The Frank Lloyd Wright Foundation
Statements of Financial Position
July 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 325,708	$ 657,371
Accounts receivable	406,418	261,394
Investments	2,702,465	2,651,534
Retail inventories	213,773	247,509
Prepaid expenses	197,933	163,865
Total current assets	3,846,297	3,981,673
Investments, held for donor-restricted endowments	3,190,276	3,059,725
Property, plant, and equipment, net	12,052,748	12,190,405
Archives, art objects, and drawing library collections	2,959,379	2,959,379
Other assets	38,457	38,457
Total assets	$ 22,087,157	$ 22,229,639
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of finance lease payable	$ 14,515	$ 14,016
Accounts payable	84,109	226,326
Accrued expenses	425,559	606,407
Deferred revenue	202,244	202,592
Total current liabilities	726,427	1,049,341
Finance lease payable, less current maturities	8,704	23,219
Long-term benefit payable	7,500	7,500
Total liabilities	742,631	1,080,060
NET ASSETS		
Without donor restrictions		
Undesignated	15,279,113	14,898,233
Board-designated for funded projects	1,570,474	1,909,744
Board-designated quasi-endowment for future projects	710,422	656,061
Total net assets without donor restrictions	17,560,009	17,464,038
With donor restrictions	3,784,517	3,685,541
Total net assets	21,344,526	21,149,579
Total liabilities and net assets	$ 22,087,157	$ 22,229,639

See accompanying notes.

The Frank Lloyd Wright Foundation
Statements of Activities
Years Ended July 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support						
Public tours and access	$ 4,512,900	$ -	$ 4,512,900	$ 4,454,362	$ -	$ 4,454,362
Memberships	355,031	-	355,031	383,254	-	383,254
Licensing program	1,409,578	-	1,409,578	1,074,504	-	1,074,504
Retail program	2,535,340	-	2,535,340	2,592,754	-	2,592,754
Contributed financial assets and grants	805,836	417,777	1,223,613	1,163,167	495,400	1,658,567
Contributed nonfinancial assets	17,565	-	17,565	13,943	-	13,943
Investment income, net						
Interest and dividends	65,841	70,571	136,412	144,386	74,293	218,679
Realized and unrealized gains	188,805	199,798	388,603	210,781	245,798	456,579
Other income	487,192	-	487,192	219,992	-	219,992
Net assets released from restrictions	589,170	(589,170)	-	1,042,545	(1,042,545)	-
Total revenues and other support	10,967,258	98,976	11,066,234	11,299,688	(227,054)	11,072,634
Expenses and other losses						
Preservation and stewardship	3,008,087	-	3,008,087	3,220,095	-	3,220,095
Public tours and access	1,548,432	-	1,548,432	1,676,781	-	1,676,781
Taliesin fellowship	162,694	-	162,694	177,995	-	177,995
Retail program	1,881,712	-	1,881,712	1,858,234	-	1,858,234
Licensing program	605,029	-	605,029	473,952	-	473,952
Education program	450,235	-	450,235	479,895	-	479,895
Total program	7,656,189	-	7,656,189	7,886,952	-	7,886,952
Fundraising and membership	1,772,148	-	1,772,148	2,100,552	-	2,100,552
Management and general	1,442,950	-	1,442,950	2,061,350	-	2,061,350
Total expenses and other losses	10,871,287	-	10,871,287	12,048,854	-	12,048,854
Change in net assets	95,971	98,976	194,947	(749,166)	(227,054)	(976,220)
NET ASSETS, beginning of year	17,464,038	3,685,541	21,149,579	18,213,204	3,912,595	22,125,799
NET ASSETS, end of year	$ 17,560,009	$ 3,784,517	$ 21,344,526	$ 17,464,038	$ 3,685,541	$ 21,149,579

See accompanying notes.

The Frank Lloyd Wright Foundation
Statements of Functional Expenses
Years Ended July 31, 2025 and 2024

	2025									
	Preservation and Stewardship	Public Tours and Access	Taliesin Fellowship	Retail Program	Licensing Program	Education Program	Total Program	Fundraising and Membership	Management and General	Total Expenses
Program and special activities	$ 18,081	$ 19,756	$ -	$ -	$ 20,950	$ 21,895	$ 80,682	$ 5,265	$ 4,237	$ 90,184
Salaries and related taxes	1,538,013	864,846	-	380,693	145,553	288,225	3,217,330	1,004,513	854,354	5,076,197
Fringe benefits	206,724	108,280	-	32,716	17,930	42,788	408,438	108,731	97,973	615,142
Depreciation and amortization	307,902	95,414	51,176	35,599	13,638	38,849	542,578	32,070	32,157	606,805
Printing	174	4,998	-	78	-	86	5,336	44,081	1,934	51,351
Professional and other fees	218,569	65,911	-	14,570	367,955	4,666	671,671	97,354	182,552	951,577
Interest/bank fees	-	126,912	-	76,122	178	2,844	206,056	13,610	20,745	240,411
Postage	330	294	-	73,703	25	-	74,352	30,563	817	105,732
Office supplies	47,112	55,832	220	12,491	498	8,941	125,094	2,623	8,639	136,356
Advertising and public relations	-	-	-	98	5,310	-	5,408	265,141	9,066	279,615
Travel	13,848	3,124	307	1,857	3,927	8,483	31,546	4,902	12,273	48,721
Telephone	10,958	5,783	6,032	1,794	359	2,240	27,166	6,094	8,284	41,544
Repairs and maintenance	400,534	-	475	-	-	-	401,009	-	6,416	407,425
Data processing	8,451	81,104	-	22,502	6,852	4,455	123,364	77,503	134,513	335,380
Insurance	74,954	77,952	-	32,980	5,996	14,991	206,873	41,974	29,982	278,829
Utilities	115,417	24,865	18,818	9,277	3,554	10,124	182,055	8,358	9,681	200,094
Dues	5,530	6,329	650	643	-	225	13,377	1,570	15,105	30,052
Rent expense	-	476	-	6,535	-	-	7,011	-	3,665	10,676
Cost of goods sold	-	4,225	-	1,172,189	12,304	-	1,188,718	21,346	-	1,210,064
Loss on disposal of assets	26,601	-	-	-	-	-	26,601	-	-	26,601
Miscellaneous/other	14,889	2,331	85,016	7,865	-	1,423	111,524	6,450	10,557	128,531
Total	$ 3,008,087	$ 1,548,432	$ 162,694	$ 1,881,712	$ 605,029	$ 450,235	$ 7,656,189	$ 1,772,148	$ 1,442,950	$ 10,871,287

See accompanying notes.

The Frank Lloyd Wright Foundation
Statements of Functional Expenses (continued)
Years Ended July 31, 2025 and 2024

	2024									
	Preservation and Stewardship	Public Tours and Access	Taliesin Fellowship	Retail Program	Licensing Program	Education Program	Total Program	Fundraising and Membership	Management and General	Total Expenses
Program and special activities	$ 4,049	$ 7,250	$ 2,285	$ -	$ 11,530	$ 15,105	$ 40,219	$ 73,390	$ 2,484	$ 116,093
Salaries and related taxes	1,551,484	960,037	4,602	351,343	139,509	300,595	3,307,570	1,009,064	1,361,109	5,677,743
Fringe benefits	176,995	126,407	1,422	24,997	18,969	57,891	406,681	66,570	147,453	620,704
Depreciation and amortization	299,605	92,843	49,797	34,640	13,270	37,802	527,957	31,206	31,290	590,453
Printing	943	4,086	-	181	-	358	5,568	72,904	1,377	79,849
Professional and other fees	241,270	108,673	60	8,017	254,021	7,640	619,681	274,977	196,361	1,091,019
Interest/bank fees	-	138,491	-	75,539	393	3,261	217,684	11,794	9,531	239,009
Postage	1,624	2,622	-	78,804	152	4	83,206	38,946	2,814	124,966
Office supplies	60,579	42,639	26	8,979	765	9,916	122,904	7,662	11,580	142,146
Advertising and public relations	474	215	-	358	10,767	235	12,049	319,620	71,001	402,670
Travel	11,904	4,528	-	273	4,622	13,728	35,055	10,167	26,711	71,933
Telephone	10,600	5,815	6,300	1,750	350	2,300	27,115	6,350	9,200	42,665
Repairs and maintenance	647,797	-	-	-	-	-	647,797	-	4,082	651,879
Data processing	11,812	78,397	-	15,451	7,915	6,093	119,668	99,935	149,580	369,183
Insurance	86,644	69,959	-	30,155	8,041	14,072	208,871	44,629	(2,172)	251,328
Utilities	99,589	25,520	16,374	9,521	3,648	10,391	165,043	8,577	9,238	182,858
Dues	7,742	4,653	650	59	-	70	13,174	5,582	13,811	32,567
Rent expense	3,855	-	-	5,615	-	-	9,470	-	2,201	11,671
Cost of goods sold	-	3,507	-	1,203,025	-	-	1,206,532	18,964	-	1,225,496
Miscellaneous/other	3,129	1,139	96,479	9,527	-	434	110,708	215	13,699	124,622
Total	$ 3,220,095	$ 1,676,781	$ 177,995	$ 1,858,234	$ 473,952	$ 479,895	$ 7,886,952	$ 2,100,552	$ 2,061,350	$ 12,048,854

See accompanying notes.

The Frank Lloyd Wright Foundation
Statements of Cash Flows
Years Ended July 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 194,947	$ (976,220)
Adjustments to reconcile change in net assets to cash used in operating activities		
Depreciation and amortization	606,805	590,453
Realized and unrealized gains	(388,603)	(456,579)
Loss on disposal of assets	26,601	-
Change in assets and liabilities		
Accounts receivable	(145,024)	(14,747)
Pledge receivables	-	95,915
Retail inventories	33,736	48,872
Prepaid expenses	(34,068)	(28,069)
Other assets	-	(122)
Accounts payable	(142,217)	(198,398)
Accrued expenses	(180,848)	244,360
Deferred revenue	(348)	(59,619)
Long-term benefit payable	-	(2,500)
Net cash used in operating activities	(29,019)	(756,654)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	(495,749)	(2,263,020)
Purchase of investments	(1,550,332)	(2,506,153)
Proceeds from sale of investments	1,757,453	2,750,674
Net cash used in investing activities	(288,628)	(2,018,499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease payable	(14,016)	(15,745)
Borrowings on line of credit	1,870,000	-
Payments on line of credit	(1,870,000)	-
Net cash used in financing activities	(14,016)	(15,745)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(331,663)	(2,790,898)
CASH AND CASH EQUIVALENTS, beginning of year	657,371	3,448,269
CASH AND CASH EQUIVALENTS, end of year	$ 325,708	$ 657,371
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 11,110	$ 1,587

See accompanying notes.

Note 1 – Nature of Organization and Significant Accounting Policies

Description of organization – The Frank Lloyd Wright Foundation (the Foundation) was formed under the laws of the state of Arizona as a nonprofit corporation.

The Foundation owns both Taliesin West in Arizona and Taliesin in Wisconsin (which are designated as national historic landmarks and UNESCO World Heritage sites), owns and stewards the intellectual property and approved use of everything Wright designed or created (including licensed products and reproductions), and engages in a variety of meaningful outreach programs and partnerships.

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

Cash and cash equivalents and concentration of risk – The Foundation classifies all highly liquid short-term investments with an original maturity of 90 days or less as cash equivalents. Periodically during the year, the Foundation maintains cash in financial institutions in excess of federally insured limits. The Foundation has not experienced any losses in such accounts.

Accounts receivable – The Foundation grants unsecured credit to its licensees and others, without interest. Management considers accounts over 60 days to be past due. Management provides an allowance for credit losses based on relevant available information, including past experience, current conditions, and reasonable and supportable forecasts as a decrease in net assets and a credit to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Foundation generally does not charge interest on overdue customer account balances. As of July 31, 2025 and 2024, no allowance was recorded. As of July 31, 2025 and 2024, accounts receivable totaled $406,418 and $261,394, respectively. Accounts receivable as of August 1, 2023, was $246,647.

Retail inventories – The Foundation measures inventory at the lower of cost or net realizable value. Cost is determined using the FIFO (first-in, first-out) method.

Investments – Investments include securities and cash and cash equivalents held for investment purposes or for donor-restricted endowment funds. Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Endowments held for donor-restricted endowment funds are classified as noncurrent assets in the statements of financial position. Net investment gain/(loss) is reported in the statements of activities and consists of interest and dividend income and realized and unrealized gains and losses net of expenses.

Investments are exposed to various risks such as interest rate, market, and credit risks. The Foundation maintains investment balances in financial institutions in excess of federally insured limits. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

Property, plant, and equipment – Property, plant, and equipment items that are purchased are recorded at cost. Donations of property and equipment are recorded as in-kind revenues at the asset's fair value on the date of donation. The Foundation follows the practice of capitalizing all expenditures for equipment in excess of $5,000. Property, plant, and equipment are depreciated over the estimated useful lives of the related assets principally using the following lives:

	Years
Buildings and improvements	5–30
Furniture, fixtures, and equipment	5–10
Transportation equipment	5
Land improvements	5–19

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Maintenance and repairs are charged to expense and renewals, and betterments are capitalized.

The Foundation reviews the carrying values of property, plant, and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended July 31, 2025 and 2024.

Archives, art objects, and drawing library collections – The Foundation capitalizes contributions to its archive, art objects, and drawing library collections. The original archive is recognized at a nominal value of $1. Subsequent additions to the collections are recognized at the cost of the acquired items. Ongoing preservation and restoration costs are capitalized as incurred. Standard guidelines for works of art on paper are used to protect and preserve the collection.

Leases – The Foundation determines if an arrangement is a lease at inception. Leases with an initial term of 12 months or less are not recorded on the statements of financial position and lease expense is recognized on a straight-line basis over the lease term. Right-of-use (ROU) assets represent the Foundation’s right to use an underlying asset for the lease term and lease liabilities represent the Foundation’s obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at their commencement date, the date the Foundation gains access to the property or underlying asset, based on the present value of lease payments over the lease term. In determining the present value, the Foundation discounts lease payments based on the risk-free interest rate at the lease commencement date unless the rate implicit in the lease is known. The lease terms include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option.

Net assets – 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.

Net assets without donor restrictions are net assets not subject to stipulations imposed by the donor and are currently available for expenditures. Net assets without donor restrictions include net assets transferred from net assets with donor restrictions after restrictions imposed by the donor have been accomplished or the stipulated time period has elapsed. Net assets without donor restrictions include those funds presently available for use by the Foundation at the discretion of management. The board of trustees of the Foundation have placed a designation on certain funds in the amount of $1,570,474 and $1,909,744 as of July 31, 2025 and 2024, respectively, which is designated for the preservation of buildings and other assets owned by the Foundation and the funding of certain projects within the Foundation. Net assets without donor restrictions also included board-designated endowment funds of $710,422 and $656,061 as of July 31, 2025 and 2024, respectively.

Net assets with donor restrictions are assets subject to explicit restrictions imposed by the donor on the expenditure of contributions or income and gains on contributed assets. The restrictions may expire due to the passage of time or the occurrence of expenditures that fulfill the restrictions. Net assets with donor restrictions also include assets that are subject to the donor's specifications that the principal balance be maintained in perpetuity and only the interest and dividend income or a portion of the income is available for restricted purposes as specified by the donor or, if not specified, for general purposes at the discretion of management.

Public tours and access – Revenue from public tours and access is recorded based on standalone selling prices and is recognized at the point in time in which the tour is provided or the event is held. Fees are paid in full upon purchase of the tour ticket or booking of the event and are non-refundable. Cash payments received for future tours or events are recorded as deferred revenue.

Memberships – Memberships represent amounts paid up front by members to access the properties over the 12-month membership period. Memberships are nonrefundable and are recognized over time using a straight-line method over the membership period. Unearned memberships are included in deferred revenue.

Licensing program – The Foundation licenses its intellectual property to others who produce and/or sell products incorporating the licensed property, in exchange for a royalty based on actual or anticipated sales, or other good and valuable consideration. Licensing revenue is recognized at the point in time in which the products are sold. Licensing program revenue is typically billed and collected on a monthly or quarterly basis and is based on actual sales occurring in the period.

Retail program – Revenue for retail sales is recorded based on the standalone selling prices of the product sold. Revenue from the retail store is recognized at the point in time in which the product is sold. For online sales, revenue is recognized at the point in time in which control is transferred to the customer, which generally occurs upon shipment of the product to the customer. For sales of sculptures, the Foundation collects 100% of the sales price upon order. Revenue is recognized at the point in time in which the sculpture is delivered to the customer. Amounts received in advance of delivery are recorded as deferred revenue. The Foundation accounts for shipping and handling as activities to fulfill its performance obligations and records these costs as program service expenses.

Contributed financial assets and grants – Contributions and grants are recognized as revenue when received or unconditionally promised. Grants received are evaluated to determine if they represent nonreciprocal contribution transactions or exchange transactions. Typically, governmental grants contain a right of return or right of release from the respective obligation provision on the part of the grantor and the Foundation has limited discretion over how the funds should be spent. The Foundation recognizes revenues for these conditional contributions and other conditional promises to give when the conditions are substantially met. All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Contributed nonfinancial assets – Items donated as gifts in-kind that are used in the Foundation's programs are recorded as income and expense at the time the items are received, which is normally also the time they are placed into service. The Foundation will evaluate each contributed asset to determine whether it will be utilized or monetized depending on the nature of the asset. Such contributions are reported as increases in net assets without donor restrictions unless the donor has restricted the donated good or service to a specific purpose.

Contributed property, plant, and equipment are recorded at fair value at the date of donation as net assets without donor restrictions and revenue unless the use of the assets is limited by a donor-imposed restriction. Contributed services, including preservation and restoration costs capitalized as archives, art objects, and drawing library collections, are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills. Fair value for donated property, plant, and equipment and services is recognized based on the estimated current rates for similar goods or services.

Contributed nonfinancial assets consisted of contributed professional services totaling $17,565 and $13,943 for the years ended July 31, 2025 and 2024, respectively. All contributed nonfinancial assets were utilized during the year and none contained donor-imposed restrictions.

Community members in Arizona and Wisconsin volunteered as tour guides, administrative assistants, and facilities technicians. A dollar valuation of their effort is not reflected in the financial statements because it does not meet the criteria for recognition. Volunteer hours for the years ended July 31, 2025 and 2024, were 3,374 and 2,935 (unaudited), respectively.

Deferred revenue – Deferred revenue consists of cash received related to contracts with customers for which performance obligations have not been satisfied and cash received related to conditional contributions and grants for which conditions have not been substantially met. As of July 31, 2025 and 2024, deferred revenue representing contract liabilities under contracts with customers totaled $87,756 and $85,275, respectively. Contract liabilities as of August 1, 2023, was $69,600.

Functional allocation of expenses – The cost of providing the Foundation's various programs and other activities has been summarized on a functional basis in the accompanying statements of activities and statements of functional expenses. Certain costs have been allocated among the programs and supporting services benefited based on an analysis of time and expenses. Administrative expenses are allocated based on the number of employees assigned to the program or activity. Facility-related expenses are allocated based on actual square footage of space used in each program or activity. All other expenses are recorded directly to the program or supporting service benefited.

Advertising – Advertising costs are charged to operations as incurred. Advertising expense for the years ended July 31, 2025 and 2024, was $279,615 and $402,817, respectively.

Income taxes – The Foundation is organized as an Arizona nonprofit organization and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3) and has been determined not to be a private foundation under Section 509(a)(1). The Foundation files annually a Return of Organizations Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is generally subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Foundation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Foundation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

The Foundation has evaluated subsequent events through November 6, 2025, which is the date the financial statements are available to be issued.

Reclassifications – Certain amounts were reclassified in the 2024 financial statements to conform to the 2025 presentation. Such reclassifications had no impact on previously reported net assets or change in net assets.

Note 2 – Availability and Liquidity

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to conservatively maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments in equity securities, bonds, and money market funds. As of July 31, 2025, the Foundation also had an available line of credit in the amount of $2,000,000.

The following represents the Foundation's financial assets available to meet general expenditures over the next twelve months as of July 31:

	2025	2024
Financial assets at year end		
Cash and cash equivalents	$ 325,708	$ 657,371
Accounts receivable	406,418	261,394
Investments	2,702,465	2,651,534
Investments held for donor-restricted endowments	3,190,276	3,059,725
Total financial assets	6,624,867	6,630,024
Less: amounts not available to be used for general expenditures		
Net assets with donor restrictions	3,784,517	3,685,541
Total financial assets available	$ 2,840,350	$ 2,944,483

Board-designated net assets are considered available to be used for general expenditures.

Note 3 – Fair Value Measurements

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability.

Shares of mutual funds and exchange-traded funds are valued at the daily closing price as reported by the fund.

Fair value of assets measured on a recurring basis are as follows as of July 31:

	2025			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 77,712	$ 77,712	$ -	$ -
Mutual funds and exchange-traded funds				
Equity funds	4,473,807	4,473,807	-	-
Fixed income funds	1,284,544	1,284,544	-	-
Real estate funds	56,678	56,678	-	-
Total investments	$ 5,892,741	$ 5,892,741	$ -	$ -

	2024			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 51,517	$ 51,517	$ -	$ -
Mutual funds and exchange-traded funds				
Equity funds	4,223,770	4,223,770	-	-
Fixed income funds	1,296,677	1,296,677	-	-
Real estate funds	139,295	139,295	-	-
Total investments	$ 5,711,259	$ 5,711,259	$ -	$ -

Note 4 – Property, Plant, and Equipment

Property, plant, and equipment consisted of the following as of July 31:

	2025	2024
Buildings and improvements	$ 12,345,522	$ 12,354,216
Furniture, fixtures, and equipment	5,613,536	5,553,370
Transportation equipment	154,480	130,549
Land improvements	4,088,440	4,037,758
Total depreciable property, plant, and equipment	22,201,978	22,075,893
Less: accumulated depreciation and amortization	(12,564,238)	(11,964,690)
Total depreciable property, plant, and equipment, net	9,637,740	10,111,203
Construction in progress	1,536,982	1,201,176
Land	878,026	878,026
Total property, plant, and equipment, net	$ 12,052,748	$ 12,190,405

Construction in progress consisted of the following items as of July 31:

	2025	2024
Taliesin West		
Building preservation	$ 294,424	$ 262,670
Master plan	234,923	215,737
Other	31,239	-
Taliesin		
Main house restoration	613,143	494,092
Hillside theater	160,117	-
Dam restoration	-	48,122
Conservation master plan	203,136	180,555
Total construction in progress	$ 1,536,982	$ 1,201,176

Note 5 – Line of Credit

The Foundation has an available revolving line of credit of $2,000,000. The line of credit has a variable rate defined as the greater of 1.50% or the prime-based rate minus 1.75% (6.25% as of July 31, 2025 and 2024). The line is collateralized by investments held with the lending institution. As of July 31, 2025 and 2024, there was no outstanding balance on the line of credit.

Note 6 – Leases

The Foundation leases certain copiers through March 2027 under a finance lease. As of July 31, 2025 and 2024, finance lease ROU assets, recognized in property, plant, and equipment, net, on the statements of financial position, was $19,958 and $34,926, respectively. Finance lease liabilities for the lease totaled $23,219 and $37,235 as of July 31, 2025 and 2024, respectively. As of July 31, 2025, the discount rate was 3.5%, and the remaining lease term was 1.6 years for this lease.

A summary of lease expense is as follows for the years ended July 31:

	2025	2024
Finance lease expense		
Amortization of ROU assets	$ 14,968	$ 14,880
Interest on lease liabilities	1,130	1,587
Short-term lease expense	10,676	12,272
Total lease expense	$ 26,774	$ 28,739

Cash paid for amounts included in the measurement of lease liabilities is as follows for the years ended July 31:

	2025	2024
Operating cash flows from finance leases (interest)	$ 11,110	$ 1,587
Financing cash flows from finance leases (principal portion)	14,016	15,745
Total	$ 25,126	$ 17,332

Maturities of finance lease liabilities are as follows as of July 31, 2025:

Years Ending July 31,	
2026	$ 14,472
2027	9,500
Total minimum lease payments	23,972
Less: present value discount	(753)
Present value of minimum lease payments	$ 23,219

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows as of July 31:

	2025	2024
Subject to expenditure for specific purpose		
Preservation and restoration	$ 438,791	$ 475,909
Technology upgrade	31,546	62,003
Education program	123,904	87,904
Total subject to expenditure for specific purpose	594,241	625,816
Subject to endowment spending policy	1,150,640	1,020,089
Required to be maintained in perpetuity		
Endowment funds	2,039,636	2,039,636
Total net assets with donor restrictions	$ 3,784,517	$ 3,685,541

Net assets were released from restrictions as follows during years ended July 31:

	2025	2024
Satisfaction of purpose restrictions		
Preservation and restoration	$ 342,795	$ 909,792
Technology upgrade	81,557	63,912
Education program	25,000	34,841
Subject to endowment spending policy	139,818	34,000
Total releases from restriction	$ 589,170	$ 1,042,545

Note 8 – Endowment Funds

The Foundation's endowment funds consist of individual funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the board to function as endowments. Net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions, considering the laws of the state for endowment management. The board of trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the states of Arizona and Wisconsin as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment fund, (2) the purposes of the Foundation and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

The Foundation has adopted investment and spending policies as directed by the donor for its endowment fund. The objective of these policies is to provide the Foundation a long-term growth of principal and maximum return on investment. Funds are invested in mutual funds, bond funds, closed-end funds, exchange-traded funds, or cash accounts as directed by the donor.

The Foundation may appropriate for expenditure or accumulate so much of the endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The maximum annual appropriation amount is limited to 5% of the fair value of the endowment fund investments as of the beginning of the fiscal year.

The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the funds, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation's policy permits spending from underwater funds in accordance with prudent measures required under the law, unless specifically prohibited by the donor or relevant laws and regulations. As of July 31, 2025 and 2024, there were no underwater funds.

Endowment net asset composition by type of fund as of July 31, 2025 and 2024, is as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 3,190,276	$ 3,190,276
Board-designated endowment funds	710,422	-	710,422
Endowment net assets, end of year	$ 710,422	$ 3,190,276	$ 3,900,698

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 3,059,725	$ 3,059,725
Board-designated endowment funds	656,061	-	656,061
Endowment net assets, end of year	$ 656,061	$ 3,059,725	$ 3,715,786

The changes in endowment net assets were as follows for the years ended July 31:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 656,061	$ 3,059,725	$ 3,715,786
Investment income			
Interest and dividends	14,174	70,571	84,745
Realized and unrealized gains	40,187	199,798	239,985
Appropriation of endowment funds for expenditure	-	(139,818)	(139,818)
Endowment net assets, end of year	$ 710,422	$ 3,190,276	$ 3,900,698

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 461,274	$ 2,773,634	$ 3,234,908
Board-designations	149,441	-	149,441
Investment income			
Interest and dividends	11,255	74,293	85,548
Realized and unrealized gains	34,091	245,798	279,889
Appropriation of endowment funds for expenditure	-	(34,000)	(34,000)
Endowment net assets, end of year	$ 656,061	$ 3,059,725	$ 3,715,786

Note 9 – Retirement Plan

The Foundation has a defined contribution retirement plan for the benefit of its employees. Employees are eligible to participate in the plan if they are 18 years or older and have completed one year of service. The plan provides for discretionary employer contributions. Discretionary matching contributions for the years ended July 31, 2025 and 2024, totaled $100,605 and $65,374, respectively.

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