

**Vanguard Charitable Endowment Program**

**Financial Statements**

**For the Years Ended  
June 30, 2025 and 2024**



## Report of Independent Auditors

To the Board of Trustees of Vanguard Charitable Endowment Program

### *Opinion*

We have audited the accompanying financial statements of Vanguard Charitable Endowment Program ("**Vanguard Charitable**"), which comprise the statements of financial position as of June 30, 2025 and June 30, 2024, and the related statements of activities and of cash flows for the years then ended, **including the related notes (collectively referred to as the "financial statements")**.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Vanguard Charitable as of June 30, 2025 and June 30, 2024, and the changes in 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 (US GAAS). **Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements** section of our report. We are required to be independent of Vanguard Charitable 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 Vanguard Charitable's **ability to** continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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 US 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 US 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 Vanguard Charitable'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 **Vanguard Charitable'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

*PricewaterhouseCoopers LLP*

Philadelphia, Pennsylvania  
October 16, 2025

**Vanguard Charitable Endowment Program**  
**Statements of Financial Position**

	As of June 30,	
	2025	2024
<b>Assets</b>		
Cash and cash equivalents	\$ 68,356,620	\$ 55,152,429
Investments; at market value	25,976,122,062	20,819,591,192
Contributed assets held; at market value	1,134,555,339	866,179,627
Dividends receivable	52,110,143	58,995,558
Receivable for securities sold	37,822,281	17,473,475
Earnout receivable*	-	328,000,000
Other assets	44,479,080	28,049,249
<b>Total Assets</b>	<b>\$ 27,313,445,525</b>	<b>\$ 22,173,441,530</b>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 22,756,618	\$ 21,312,297
Payable for securities purchased	78,212,372	72,851,194
<b>Total Liabilities</b>	100,968,990	94,163,491
Net Assets Without Donor Restrictions	27,212,476,535	22,079,278,039
<b>Total Liabilities and Net Assets</b>	<b>\$ 27,313,445,525</b>	<b>\$ 22,173,441,530</b>

\*Earnout agreement was settled in December 2024. Refer to Note 5.

The accompanying notes are an integral part of these financial statements.

**Vanguard Charitable Endowment Program**  
**Statements of Activities**

	<b>For the Years Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenues</b>		
Donor contributions	\$ 5,751,469,753	\$ 5,747,045,424
Investment income	609,779,114	513,918,357
Net realized and unrealized gains on investments	2,264,830,729	1,961,947,508
Change in value of earnout receivable	48,482,210	(26,076,659)
Contribution of goods and services	1,000,342	788,129
<b>Total Revenues</b>	<b>8,675,562,148</b>	<b>8,197,622,759</b>
<b>Grants and Expenses</b>		
Grants to charitable organizations	3,503,325,979	3,057,423,430
Management and general expenses	8,592,521	6,513,666
Program expenses	26,353,488	26,465,388
Fundraising expenses	4,091,664	3,833,010
<b>Total Grants and Expenses</b>	<b>3,542,363,652</b>	<b>3,094,235,494</b>
Change in Net Assets Without Donor Restrictions	5,133,198,496	5,103,387,265
Net Assets Without Donor Restrictions, beginning of year	22,079,278,039	16,975,890,774
<b>Net Assets Without Donor Restrictions, end of year</b>	<b><u>\$ 27,212,476,535</u></b>	<b><u>\$ 22,079,278,039</u></b>

The accompanying notes are an integral part of these financial statements.

**Vanguard Charitable Endowment Program  
Statements of Cash Flows**

	<b>For the Years Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 5,133,198,496	\$ 5,103,387,265
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Non-cash contributions	(841,530,907)	(497,180,861)
Net realized and unrealized gains on investments	(2,264,830,729)	(1,964,105,151)
 (Increase) decrease in assets:		
Dividends receivable	6,885,415	(41,956,800)
Other assets	(16,429,831)	31,572,681
 Increase in liabilities:		
Accounts payable and accrued expenses	1,444,321	615,594
 Net cash provided by operating activities	<u>2,018,736,765</u>	<u>2,632,332,728</u>
<b>Cash flows from investing activities:</b>		
(Increase) decrease in assets:		
Proceeds from the sale of non-cash contributions	1,122,422,067	449,341,129
Proceeds from the sale of investments	3,458,887,252	3,018,418,452
Purchases of investments	(6,523,372,055)	(6,164,595,195)
Change in value of earnout receivable	(48,482,210)	26,076,659
Receivable for securities sold	(20,348,806)	(5,904,245)
 Increase in liabilities:		
Payable for securities purchased	5,361,178	55,310,742
 Net cash used in investing activities	<u>(2,005,532,574)</u>	<u>(2,621,352,458)</u>
 Net Increase in cash and cash equivalents	13,204,191	10,980,270
Cash and cash equivalents, beginning of year	55,152,429	44,172,159
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 68,356,620</u></u>	<u><u>\$ 55,152,429</u></u>

The accompanying notes are an integral part of these financial statements.

## **Vanguard Charitable Endowment Program Notes to Financial Statements**

### **Note 1 - Organization and Operations:**

The Vanguard Charitable Endowment Program ("Vanguard Charitable") is an independent charitable organization that is organized and operated for the purpose of supporting and increasing philanthropy. Vanguard Charitable is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity under Section 509(a)(1) of the Internal Revenue Code.

Donors to Vanguard Charitable may contribute to its donor-advised funds, Vanguard Charitable's Philanthropic Impact Fund or the Sustainable Disaster-Recovery Fund. All gifts are irrevocable and unconditional and therefore become the exclusive property of Vanguard Charitable. Through the donor-advised funds, assets are invested in a choice of thirty-seven investment pools ("Pools"). Thirty-five pools are comprised of mutual funds and exchange traded funds offered by The Vanguard Group, Inc. ("Vanguard"), a related party. Two other investment pools are separately managed, unitized portfolios offered by Rhumbline Advisers LP ("Rhumbline") and Hamilton Lane Advisors, LLC ("Hamilton Lane"). The composition of the Pools is determined by the Board of Trustees of Vanguard Charitable ("Trustees"). Vanguard Charitable has granted donors the privilege of making recommendations to Vanguard Charitable about the investment allocation and grant distributions from their donor-advised accounts; however, all such recommendations are subject to review and approval by Vanguard Charitable.

Vanguard Charitable will consider grants to charitable organizations that are in good standing with the IRS, qualify as tax-exempt under Section 501(c)(3), and are classified as public charities under Section 509(a) of the Internal Revenue Code. We are scrupulous about our responsibility to ensure that grants from Vanguard Charitable abide by IRS guidelines that require all charitable dollars be used to advance the public good.

Vanguard Charitable contributes to a defined contribution plan for its employees. Contribution expense for the years ended June 30, 2025 and 2024 were \$1,432,765 and \$1,462,710, respectively. These amounts are included in the three functional expense categories (Management, Fundraising and Program) on the Statements of Activities. See "Functional Allocation of Expenses" in Note 2 for details of allocation.

### **Related Party Transactions**

Vanguard Charitable has contracted Vanguard to provide certain support services including investment recordkeeping and administrative services. Vanguard provides such services in exchange for a fee. The fees incurred for the years ended June 30, 2025 and 2024 were \$4,014,052 and \$3,916,396, respectively. These fees are included in the three functional expense categories (Management, Fundraising and Program) on the Statements of Activities. See "Functional Allocation of Expenses" in Note 2 for details of allocation.

In-kind contributions of professional services received from Vanguard for the years ended June 30, 2025 and 2024 were \$1,000,342 and \$788,129, respectively. These amounts are included in Contribution of Goods and Services on the Statement of Activities.

Vanguard has provided Vanguard Charitable funding in the form of a non-interest bearing financing arrangement. See Note 6.

Vanguard Charitable invests in units of RhumbLine Low Carbon Index Fund LLC ("Low Carbon Fund"), a custom global equity investment partnership. Vanguard Charitable owns a majority interest in the Low Carbon Fund, and RhumbLine serves as Managing Member and Investment Manager for the Low Carbon Fund. For the years ended June 30, 2025 and 2024 Vanguard Charitable's purchases into the Low Carbon Fund were \$0. For the years ended June 30, 2025 and 2024 Vanguard Charitable's redemptions from the Low Carbon Fund were \$0 and \$275,000,000, respectively. Vanguard Charitable's interest in the Low Carbon Fund generated net income of \$118,244,589 and \$122,798,097, respectively.

# Vanguard Charitable Endowment Program

## Notes to Financial Statements

### Note 2 - Summary of Significant Accounting Policies:

#### Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates and such differences could be material.

#### Functional Allocation of Expenses

Vanguard Charitable allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural classification. Costs that are common to several functions are allocated among the program and supporting services based on time records, head count, and estimates made by management.

#### Cash and Cash Equivalents

Vanguard Charitable considers short-term, highly liquid investments with a maturity of three months or less at the time of their purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates fair market value.

#### Investments

Transactions in the underlying mutual funds, exchange traded funds, and units ("Funds") of the Pools are accounted for on the trade date. The cost used in determining realized gains and losses on sales of the Funds' shares is on the basis of specific identification. Vanguard Charitable's investment in each mutual fund and exchange traded fund is valued at each fund's net asset value as of the close of the New York Stock Exchange (generally 4 p.m., Eastern Standard Time) on the valuation date.

Low Carbon Fund units are valued by dividing the aggregate net asset value of the fund by the number of units outstanding as of the close of the New York Stock Exchange (generally 4 p.m., Eastern Standard Time) on the valuation date.

Vanguard Charitable holds contributed private equity investments which are described as "Contributed Assets Held" in Note 4. As of June 30, 2025, the earnout agreement described in Note 5 as "Earnout Receivable" has been settled.

Authoritative guidance on fair value measurements and disclosure under GAAP requires that the fair value of investments be presented in a hierarchy that prioritizes the inputs to valuation technique used to measure fair value. These inputs are summarized in three broad levels for financial statement purposes.

An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The determination of what constitutes "observable," however, requires significant judgment by management. Management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to management's perceived risk of that investment.

## Vanguard Charitable Endowment Program Notes to Financial Statements

### Note 2 - Summary of Significant Accounting Policies (continued):

Level 1 – Quoted prices in active markets for identical investments as of the reporting date.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) as of the reporting date. In accordance with authoritative guidance, the fair value of investments that permit redemptions quarterly or more frequently are generally classified as Level 2.

Level 3 – Significant unobservable inputs. Generally, investments with unexpired lock-up periods or that permit redemptions less frequently than quarterly, are classified as Level 3.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The aggregate fair value by input level, as of June 30, 2025 and 2024, for Vanguard Charitable's investments, as well as a reconciliation of assets and liabilities for which significant unobservable inputs (Level 3) were used in determining value, is included with the disclosure of Vanguard Charitable's investments (see Note 3). Valuation techniques used to value the Vanguard Charitable's investments by major category are as follows:

Investments in mutual funds are valued at their closing net asset value ("NAV") per share each business day. Registered investment companies are categorized as Level 1 in the hierarchy.

Equity securities, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. Management may apply a discount to the fair value for equity securities which are restricted from resale. In considering a fair value discount, management considers one or more of several factors including any trading in unrestricted stock of the same issuer, the type of restrictions that the investment is subject to, the market and trading factors of investees in the same industry and any other factors deemed appropriate. Such securities are classified as Level 2 in the hierarchy. In the event there were no sales during the day or closing prices are not available, securities are valued at the last quoted bid price or may be valued using the last available price and are generally categorized as Level 2 in the hierarchy.

Level 3 investments may include equity securities, fixed income securities, and other privately issued securities. When observable prices are not available for these securities, management uses one or more valuation techniques for which sufficient and reliable data is available. The selection of appropriate valuation techniques may be affected by the availability of relevant inputs as well as the relative reliability of the inputs. In some cases, one valuation technique may provide the best indication of fair value while in other circumstances, multiple valuation techniques may be appropriate. In some situations, management may determine it appropriate to evaluate and weigh the results, as appropriate, to develop a range of possible values, with the fair value based on management's assessment of the most representative point within the range.

In select circumstances, investment funds and direct investments are valued based on the latest NAV reported by the third-party fund manager or General Partner and therefore not included within the fair value hierarchy. This is commonly referred to as using NAV as a practical expedient which allows for estimation of the fair value of a private investment based on NAV or its equivalent if the NAV of the private fund is calculated in a manner consistent with ASC 946.

## **Vanguard Charitable Endowment Program Notes to Financial Statements**

### **Note 2 - Summary of Significant Accounting Policies (continued):**

#### **Computer Equipment and Related Software**

Computer equipment is recorded at cost at date of acquisition and software is recorded at cost at in-service date. Equipment and related software costs for the years ended June 30, 2025 and 2024 were \$0. For items placed in service, depreciation expense is computed using the straight-line method over the asset's estimated three-year useful life. Depreciation expense on computer equipment and software for the years ended June 30, 2025 and 2024 was \$0.

#### **Donor Contributions**

All gifts are subject to acceptance by Vanguard Charitable. Contribution revenue is recorded when Vanguard Charitable accepts an 'in good order' unconditional promise to give from a donor.

#### **Grants**

Grants are recorded as an expense and must be authorized by the Trustees and Vanguard Charitable management under methods approved by the Trustees for payment.

#### **Net Assets Without Donor Restrictions**

Vanguard Charitable's net assets without donor restrictions, including the donor-advised funds, the Philanthropic Impact Fund, and the Sustainable Disaster-Recovery Fund, are unrestricted and as such are free from donor-imposed stipulations. Revenues are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, respectively. Net assets without donor restrictions are maintained and distributed at the discretion of the Trustees.

#### **Liquidity**

Vanguard Charitable structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, which includes all Level 3 assets and investments as described in Note 3. As of June 30, 2025, the financial assets available to meet cash needs for general expenditures within one year of the balance sheet date are \$26,044,478,682.

#### **New Accounting Pronouncements**

On June 30, 2022, the FASB issued ASU No. 2022-03, Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The new guidance clarifies the guidance in ASC 820 regarding fair value measurement of equity securities subject to contractual sale restrictions, and also calls for additional disclosures regarding such securities. The updated requirements are effective for annual periods beginning after December 15, 2024, and interim periods within those fiscal years, with early adoption permitted. Management is currently evaluating the impact of this guidance on Vanguard Charitable's financial statements and related disclosures.

## Vanguard Charitable Endowment Program Notes to Financial Statements

### Note 3 - Investments:

Contributions to Vanguard Charitable are allocated to Pools based on input from donors or the Trustees.

	As of June 30,	
	2025	2024
<b><u>The Vanguard Group Inc.</u></b>		
Total Bond Pool	\$ 1,012,050,249	\$ 467,176,183
Moderate Growth Pool	2,531,816,327	2,904,321,268
Growth Pool	2,151,866,131	1,854,112,741
Total Equity Pool	1,912,002,471	1,791,632,765
Money Market Pool	2,843,248,585	3,649,307,793
Total U.S. Stock Pool	4,711,168,556	3,776,051,804
Total International Stock Pool	1,144,445,432	781,107,583
Conservative Growth Pool	1,918,672,198	1,900,408,353
Pacific Stock Pool	51,317,652	40,917,576
European Stock Pool	69,622,289	57,319,258
Emerging Markets Stock Pool	171,136,596	166,699,386
Short-Term Bond Pool	646,694,495	513,880,130
S&P 500 Index Pool	3,076,189,796	375,558,966
Extended Market Index	65,964,484	53,763,620
Growth Index Pool	147,903,761	74,471,693
Value Index Pool	100,713,291	52,027,301
Short-Term Inflation Protected Securities Pool	112,435,533	64,387,109
ESG Global Stock Pool	206,696,931	198,030,730
Income Pool	548,611,491	467,575,076
Total International Bond Pool	50,071,775	32,524,195
Balanced Pool	281,409,033	199,487,630
Wellington Pool	189,410,080	152,395,355
ESG U.S. Stock Pool	309,703,277	297,806,784
ESG International Stock Pool	81,375,799	80,214,223
Ultra-Short-Term Bond	78,632,684	19,870,927
Real Estate	32,984,267	4,483,579
Global Positive Impact	2,488,697	1,169,287
Core Bond	94,553,617	14,781,370
International Core Stock	104,221,481	2,942,917
Dividend Growth	18,389,635	14,343,854
U.S. Growth	23,624,991	3,181,078
Windsor II	16,948,049	18,962,540
Explorer	9,353,114	2,211,746
High-Yield Corporate	38,921,713	18,261,040
Commodity Strategy	308,262,553	2,533,709
Non-Pooled Investments	36,600,248	29,821,661
<b><u>RhumbLine Advisers LP</u></b>		
Low Carbon Fund	854,094,551	735,849,962
<b><u>Hamilton Lane Advisors LLC</u></b>		
Private Assets Fund	22,520,230	-
<b>Total Investments</b>	<b><u>\$ 25,976,122,062</u></b>	<b><u>\$ 20,819,591,192</u></b>

## Vanguard Charitable Endowment Program Notes to Financial Statements

### Note 3 – Investments (continued):

Other than the Private Assets Fund and the Low Carbon Fund, the Pools are not separate funds or legal entities. Donors have no legal or beneficial interest in assets maintained in the Pools, including the Private Assets Fund and the Low Carbon Fund. Income earned by investments in a particular Pool is retained and reinvested within that Pool.

Considering that the Pools are not separate legal entities, but serve as vehicles to hold investments in one or more underlying mutual funds and exchange traded funds, Vanguard Charitable has determined that it is appropriate to look through the Pools for purposes of classifying the investments in the fair value hierarchy. For the years ended June 30, 2025 and 2024, all of the Funds that underlie each Pool are classified as Level 1 investments because the NAVs constitute quoted prices in an active market. Low Carbon Fund units are classified as Level 2 investments because the units are not traded in active markets, however the inputs used to determine NAV are observable. The Low Carbon Fund invests primarily in publicly traded securities. The fair value of this investment is determined using NAV derived from observable market prices of underlying securities.

In addition to the Pools, Vanguard Charitable holds Non-Pooled Investments. Non-pooled Investments include a blend of Vanguard mutual funds which seek to provide growth of capital and current income by investing in stocks and fixed income securities. Non-pooled Investments are classified as Level 1 investments because the Funds' NAVs constitute quoted prices in active markets. The following tables summarize the Level within the fair value hierarchy at which Vanguard Charitable's investments and other financial instruments are measured at June 30, 2025 and 2024:

<b>at June 30, 2025</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments:				
Mutual Funds and Exchange Traded Funds	\$ 25,099,507,281	\$ 25,099,507,281	\$ -	\$ -
Low Carbon Fund	854,094,551	-	854,094,551	-
Total Investments	<u>25,953,601,832</u>	<u>25,099,507,281</u>	<u>854,094,551</u>	<u>-</u>
Contributed Assets held:				
Private Equity	1,134,555,339	-	-	1,134,555,339
Publicly Traded Stock	-	-	-	-
Total	<u>\$ 27,088,157,171</u>	<u>\$ 25,099,507,281</u>	<u>\$ 854,094,551</u>	<u>\$ 1,134,555,339</u>

<b>at June 30, 2024</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments:				
Mutual Funds and Exchange Traded Funds	\$ 20,083,741,230	\$ 20,083,741,230	\$ -	\$ -
Low Carbon Fund	735,849,962	-	735,849,962	-
Total Investments	<u>20,819,591,192</u>	<u>20,083,741,230</u>	<u>735,849,962</u>	<u>-</u>
Contributed Assets held:				
Private Equity	860,109,627	-	-	860,109,627
Publicly Traded Stock	6,070,000	6,070,000	-	-
Earnout Receivable	328,000,000	-	-	328,000,000
Total	<u>\$ 22,013,770,819</u>	<u>\$ 20,089,811,230</u>	<u>\$ 735,849,962</u>	<u>\$ 1,188,109,627</u>

**Vanguard Charitable Endowment Program  
Notes to Financial Statements**

**Note 3 – Investments (continued):**

In accordance with Accounting Standards Update ("ASU") No. 2015-07, Fair Value Measurements (Topic 820): Disclosure for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent), certain investments fair valued using net asset value (or its equivalent) as a practical expedient are not included in the fair value hierarchy. As such, investments in securities with a fair value of \$22,520,230 are excluded from the fair value summary as of June 30, 2025.

As of June 30, 2025, level 3 private equity holdings which are individually material used the income approach as the principal valuation technique, with unobservable inputs including a cost of equity capital of 11.1%, an equity free cash flow growth rate of 5.5%, and a terminal net income growth rate of 8.2%.

As of June 30, 2024, level 3 private equity holdings which are individually material, the income approach is the principal valuation technique, and unobservable inputs include a cost of equity capital of 10.5%, an equity free cash flow rate of 5.5%, and a terminal net income growth rate of 7.2%. The principal valuation technique for the Level 3 earnout receivable is the income approach, and significant unobservable inputs include projected revenue growth rates ranging from 7.5% to 22.5%, a cumulative present value factor ranging from 8.6% to 8.8%, and a 10% adjustment for lack of marketability. Due to the inherent uncertainty of the valuations, it is possible that an entity's results may be subsequently adjusted or significantly different from the values presented.

The following tables present the activity of financial instruments classified as Level 3 throughout the years ended June 30, 2025 and June 30, 2024 with values presented based upon the date of the transaction.

<b><u>2025</u></b>	<b>Contributions</b>	<b>Transfers in to Level 3</b>	<b>Transfers out of Level 3</b>	<b>Exchanges/ Restructuring</b>	<b>Total</b>
Private Equity	\$ 697,066,585	\$ -	\$ -	\$ -	\$ 697,066,585
Total	<u>\$ 697,066,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,066,585</u>
<b><u>2024</u></b>					
Private Equity	\$ 478,028,432	\$ -	\$ -	\$ -	\$ 478,028,432
Total	<u>\$ 478,028,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 478,028,432</u>

## **Vanguard Charitable Endowment Program Notes to Financial Statements**

### **Note 4 – Contributed Assets Held:**

At June 30, 2025, Vanguard Charitable held contributed private equity investments of \$1,134,555,339 which had not been sold. The private equity investments are classified as Level 3 investments in the fair value hierarchy.

At June 30, 2024, Vanguard Charitable held contributed private equity investments of \$860,109,627 which had not been sold. The private equity investments are classified as Level 3 investments in the fair value hierarchy and publicly traded stock investments of \$6,070,000 are classified as Level 1 investments in the fair value hierarchy.

Certain contributed assets may have a restriction as to resale, which typically does not exceed one year. These investments with a restriction are reported at fair value and are included in net assets without donor restrictions since they are not subject to donor-imposed stipulations.

### **Note 5 – Earnout Receivable:**

In November 2020, Vanguard Charitable received donated securities of a private company which were subsequently cancelled in exchange for an earnout agreement entitling Vanguard Charitable to annual payments equal to a percentage of the private company's net revenue. The agreement provides for annual payments over seven years, and the earnout receivable is presented at fair value using the discounted cash flows method. Future receipt of payments under the earnout agreement will be presented as investing cash flows on the Statement of Cash Flows, and subsequent changes in fair value of the earnout receivable are included on the Statement of Activities as change in value of earnout receivable. For the years ended June 30, 2025 and 2024 the earnout receivable was valued at \$0 and \$328,000,000, respectively, and the change in value was \$48,482,210 and (\$26,076,659), respectively.

In December 2024, the earnout agreement was settled, and the receivable removed from the Statement of Financial Position. The final cash payment was \$376,482,210, including a realized gain of \$48,482,210, shown under investing activities in the Statement of Cash Flows. No further payments will be made.

### **Note 6 - Long-Term Payable:**

Vanguard has agreed to provide funding to Vanguard Charitable in the form of an interest-free financing arrangement of up to \$6,500,000. The financing arrangement is provided on an unsecured basis and the timing of the repayment is at the discretion of the Trustees. There were no draws during the fiscal years ending June 30, 2025 and 2024. The balance was \$0 at June 30, 2025 and 2024.

### **Note 7 - Net Assets Released for Administrative Fee:**

Vanguard Charitable charges an administrative fee to all donor-advised accounts. The base fee is an annual charge of 0.60% of the net assets of the Pools and is wrapped in with investment income on these related financial statements. Accounts with amounts exceeding the \$500,000 level may be eligible for reduced administrative fees. Accounts with balances below a specified threshold may be charged an additional annual maintenance fee.

The administrative fee is accrued daily and reduces the net asset values of the Pools held in the donor-advised accounts. The administrative fee assessed is used to pay the operating expenses of Vanguard Charitable.

## **Vanguard Charitable Endowment Program Notes to Financial Statements**

### **Note 8 - Income Taxes:**

Vanguard Charitable has made no provision for federal income taxes for the years ended June 30, 2025 and 2024 since it has received a tax determination letter, dated May 3, 2002, from the Internal Revenue Service classifying it as a public charity exempt from federal income tax. Vanguard Charitable does pay federal income tax on unrelated business income related to certain contributions of illiquid assets. Management has noted no uncertain tax positions and has concluded no provision is required.

### **Note 9 – Subsequent Events:**

Vanguard Charitable has determined that no material events or transactions occurred through October 16, 2025 that would require recognition or disclosure in these financial statements.