Foundation for Community Health, Inc.

Financial Statements
and Independent Auditor's Report

December 31, 2024 and 2023

CohnReznick

Foundation for Community Health, Inc.

Index

	Page
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

Independent Auditor's Report

To the Board of Directors
Foundation for Community Health, Inc.

Opinion

We have audited the financial statements of Foundation for Community Health, Inc., which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, 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 Foundation for Community Health, Inc. as of December 31, 2024 and 2023, 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 Foundation of Community Health, Inc. 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 Foundation for Community Health, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Foundation for Community Health, 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 Foundation for Community Health, 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.

CohnReznick LLP

Hartford, Connecticut
September 15, 2025

Foundation for Community Health, Inc.

Statements of Financial Position
December 31, 2024 and 2023

Assets

	2024	2023
Current assets		
Cash	$ 80,559	$ 134,961
Loan fund receivable	181,130	-
Prepaid expenses and other current assets	19,640	2,791
Total current assets	281,329	137,752
Fixed assets, net	43,925	52,994
Other assets		
Investments	30,355,586	28,174,779
Contribution receivable - CRT	13,684	13,232
Security deposit	5,000	5,000
Beneficial interest in trusts	8,796,182	8,155,653
Total other assets	39,170,452	36,348,664
Total assets	$ 39,495,706	$ 36,539,410

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	$ 68,992	$ 95,854
Grants payable	214,000	-
Total current liabilities	282,992	95,854
Net assets		
Without donor restrictions	25,061,795	23,238,766
With donor restrictions	14,150,919	13,204,790
Total net assets	39,212,714	36,443,556
Total liabilities and net assets	$ 39,495,706	$ 36,539,410

See Notes to Financial Statements.

Foundation for Community Health, Inc.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Investment return, net	$ 2,865,429	$ 626,402	$ 3,491,831
Investment return - beneficial interest in trusts, net	374,760	-	374,760
Gain on beneficial interest in trusts	-	640,530	640,530
Change in value of CRT	-	452	452
Other income	7	-	7
Net assets released from restrictions	321,255	(321,255)	-
Total support and revenue	3,561,451	946,129	4,507,580
Expenses			
Program			
Grants and disbursements	860,163	-	860,163
Program related expenses	603,777	-	603,777
Management and general	274,482	-	274,482
Total expenses	1,738,422	-	1,738,422
Change in net assets	1,823,029	946,129	2,769,158
Net assets, beginning	23,238,766	13,204,790	36,443,556
Change in net assets	1,823,029	946,129	2,769,158
Net assets, ending	$ 25,061,795	$ 14,150,919	$ 39,212,714

See Notes to Financial Statements.

Foundation for Community Health, Inc.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Investment return, net	$ 2,732,240	$ 563,504	$ 3,295,744
Investment return - beneficial interest in trusts, net	272,488	-	272,488
Gain on beneficial interest in trusts	-	880,163	880,163
Change in value of CRT	-	(1,717)	(1,717)
Net assets released from restrictions	216,067	(216,067)	-
Total support and revenue	3,220,795	1,225,883	4,446,678
Expenses			
Program			
Grants and disbursements	796,290	-	796,290
Program related expenses	542,642	-	542,642
Management and general	238,285	-	238,285
Total expenses	1,577,217	-	1,577,217
Change in net assets	1,643,578	1,225,883	2,869,461
Net assets, beginning as previously	21,595,188	10,789,736	32,384,924
Prior period adjustment (see Note 12)	-	1,189,171	1,189,171
Net assets, beginning	21,595,188	11,978,907	33,574,095
Change in net assets	1,643,578	1,225,883	2,869,461
Net assets, ending	$ 23,238,766	$ 13,204,790	$ 36,443,556

See Notes to Financial Statements.

Foundation for Community Health, Inc.

Statement of Functional Expenses
Year Ended December 31, 2024
(With Comparative Totals for December 31, 2023)

	Management and general	Program	2024 Total	2023 Total
Grants and disbursements	$ -	$ 860,163	$ 860,163	$ 796,290
Salaries	154,700	328,737	483,437	448,071
Employee benefits	26,378	56,052	82,430	72,822
Program expenses	-	56,290	56,290	33,442
Payroll taxes	13,395	28,463	41,858	33,033
Rent	10,803	22,957	33,760	30,363
Financial services fees	9,247	19,650	28,897	28,897
Accounting	21,659	-	21,659	20,055
Program consultants	6,014	12,781	18,795	-
Travel	4,221	8,971	13,192	9,157
Depreciation	4,216	8,960	13,176	10,914
Communications/website	4,156	8,832	12,988	17,032
Staff development	4,149	8,816	12,965	6,376
Legal services	-	11,768	11,768	-
Repairs and office maintenance	1,950	4,145	6,095	2,844
Meetings, meals and board expenses	1,882	4,000	5,882	15,062
Utilities and fuel	1,764	3,750	5,514	6,596
Computer maintenance contract	1,638	3,481	5,119	4,801
Insurance	1,517	3,224	4,741	8,527
Payroll service fees	1,503	3,195	4,698	3,596
Software support	1,423	3,025	4,448	11,630
Equipment rental and maintenance	912	1,938	2,850	6,808
Office and computer supplies	824	1,750	2,574	5,660
Telephone	816	1,733	2,549	2,756
Miscellaneous expenses	1,133	871	2,004	1,621
Dues and subscriptions	97	205	302	743
Postage and shipping	85	183	268	121
Total	$ 274,482	$ 1,463,940	$ 1,738,422	$ 1,577,217

See Notes to Financial Statements.

Foundation for Community Health, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023

	Management and general	Program	Total
Grants and disbursements	$ -	$ 796,290	$ 796,290
Salaries	134,421	313,650	448,071
Employee benefits	21,847	50,975	72,822
Program expenses	-	33,442	33,442
Payroll taxes	9,910	23,123	33,033
Rent	9,109	21,254	30,363
Financial services fees	8,669	20,228	28,897
Accounting	20,055	-	20,055
Travel	2,747	6,410	9,157
Depreciation	3,274	7,640	10,914
Communications/website	5,110	11,922	17,032
Staff development	1,913	4,463	6,376
Repairs and office maintenance	853	1,991	2,844
Meetings, meals and board expenses	4,519	10,543	15,062
Utilities and fuel	1,979	4,617	6,596
Computer maintenance contract	1,440	3,361	4,801
Insurance	2,558	5,969	8,527
Payroll service fees	1,079	2,517	3,596
Software support	3,489	8,141	11,630
Equipment rental and maintenance	2,042	4,766	6,808
Office and computer supplies	1,698	3,962	5,660
Telephone	827	1,929	2,756
Miscellaneous expenses	486	1,135	1,621
Dues and subscriptions	223	520	743
Postage and shipping	37	84	121
Total	$ 238,285	$ 1,338,932	$ 1,577,217

See Notes to Financial Statements.

Foundation for Community Health, Inc.

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Changes in net assets	$ 2,769,158	$ 2,869,461
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	13,176	10,914
Realized/unrealized (gain) loss on investment	(3,274,470)	(3,166,570)
Change in value of CRT	(452)	1,717
(Gain) loss on beneficial interest in trusts	(640,529)	(880,163)
Changes in operating assets and liabilities		
Prepaid expenses	(16,849)	(2,791)
Accounts payable and accrued expenses	15,138	(131,030)
Grants payable	214,000	-
Net cash used in operating activities	(920,828)	(1,298,462)
Cash flows from investing activities		
Loan distribution	(181,130)	-
Purchase of fixed assets	(46,107)	(9,990)
Purchases of investments	(374,760)	(272,488)
Proceeds from sales of investments	1,468,423	1,611,431
Net cash provided by investing activities	866,426	1,328,953
Net (decrease) increase in cash	(54,402)	30,491
Cash, beginning of year	134,961	104,470
Cash, end of year	$ 80,559	$ 134,961
Supplemental cash flow information		
Purchase of fixed assets with accounts payable	$ -	$ 42,000

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting policies

The Foundation for Community Health, Inc. (the "Foundation") was formed to maintain and improve the physical and mental health of all residents of the area historically served by Sharon Hospital, Inc. The Foundation was created under mandate of the Attorney General and the Superior Court of the State of Connecticut upon the sale of Sharon Hospital, Inc. to a for-profit corporation. During 2014, the Foundation changed its status as a Type III Supporting Organization of Berkshire Taconic Community Foundation, Inc. ("BTCF") to a Type I Supporting Organization to three local community foundations: BTCF, Northwest Connecticut Community Foundation, Inc. and The Community Foundations of the Hudson Valley, Inc. As required by its by-laws, this change was pre-approved by the State of Connecticut's Attorney General. While the Foundation has decided to keep the balance of its funds in the BTCF Managed Pool, as a good-will measure it funded two $1,000,000 grants to donor-advised funds at each of the other two community foundations. Although the Foundation has surrendered ownership of the money deposited into the funds, it has maintained an advisory control over how grants are distributed to charities. The Foundation is a separate, independent corporation governed by its own Board of Directors.

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets that have similar characteristics have been combined into similar categories in the accompanying financial statement as follows:

Net assets without donor restrictions - net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Board-designated net assets - net assets established by the Board of Directors, which represent funds without donor restrictions set aside for future needs of the Foundation.

Net assets with donor restrictions - net assets subject to donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Charitable remainder trusts are included in net assets with donor restrictions.

Contribution revenue and expense recognition

Contributions received - Transactions where the resource provider does not receive commensurate value are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Foundation has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Foundation fails to overcome the barrier. The Foundation recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance. Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset or are restricted for time. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions are met in the same reporting period have been reported as support without donor restrictions in the statements of activities and changes in net assets.

Contributions made - Contributions and grants made are recognized as expenses in the period in which the promise is made. Contributions and grants with a measurable performance or other barrier, and a right of return, are not recognized until the conditions upon which they depend have been substantially met.

Cash equivalents
For the purposes of the statements of cash flows, the Foundation considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents maintained in investment accounts for re-investment or grant making are excluded from cash and reported as investments. There were no cash equivalents as of December 31, 2024 and 2023.

Tax status
The Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from private foundation status under IRC Section 509(a)(3) as a Type 1 supporting organization and as such is not subject to federal and state income taxes. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes.

Management has analyzed the tax positions taken by the Foundation and has concluded that as of December 31, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability, asset or disclosure in the financial statements. The Foundation's federal income tax returns prior to fiscal year 2021 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Foundation would recognize interest and penalties associated with tax matters as part of management and general expenses in the statements of activities and changes in net assets and include accrued interest and penalties in accrued expenses in the statements of financial position. The Foundation did not recognize any interest or penalties associated with tax matters for the years ended December 31, 2024 and 2023.

Acquisition revolving loan facility program
During 2024 the Foundation created a Place-Based Investment Acquisition Revolving Loan Facility Program. The program provides loans to affordable housing nonprofits to purchase land or buildings that can accommodate affordable housing. The loan program allows up to a maximum of $2,000,000 of loans outstanding at any time and has an expiration date of six years (2030). The program will allow for individual advances up to $1,000,000 with terms of up to one year with no prepayment penalty to cover the cost of the property to be purchased. The Foundation's Finance Committee will set the interest rate for new loans annually. The minimum interest rate over the life of the loan will be in line with inflation. Loans will be secured by the property acquired with the

proceeds. A valuation review of outstanding loans will be performed approximately every six months. The valuation will be performed on each loan outstanding.

The Foundation adopted Accounting Standards Update 2016-13 *Measurement of Credit Losses on Financial Instruments* during 2024 upon the approval of the revolving loan facility. In the current year, the Foundation has only one loan outstanding at December 31, 2024. This loan has an amortized cost of approximately $181,130 at December 31, 2024.

Investments
The Foundation follows the guidance on accounting for certain investments held by not-for-profit organizations, which requires that investments with readily determinable fair values be reported at fair value with gains and losses included in the statements of activities and changes in net assets.

Investment income includes interest and dividends as well as any other form of investment income such as realized and unrealized gains or losses. Restricted gains and investment income whose restrictions are met in the same reporting period are reported as unrestricted support.

Fair value measurements
The framework for measuring fair value provides a 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") and the lowest priority to unobservable inputs ("Level 3"). The three levels of the fair value hierarchy under Financial Accounting Standards Board issued Accounting Standards Codification 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs derived principally from or corroborated by observable market data by correlation or by other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

The interest in BTCF is valued based on the Foundation's ownership percentage of the fair value of the Managed Pool of BTCF.

The contribution receivable - CRT is valued based on the life expectancy of the beneficiary and the net present value of the expected cash flows using a discount rate.

The beneficial interests in trusts are valued using the Foundation's ownership percentage of the fair value of the underlying assets of the trust.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective future fair values. Furthermore, although 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.

Fixed assets
All acquisitions of property and equipment and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of $5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets.

Website development	10 years
Furniture and fixtures	7 years
Computer equipment and software	5-10 years
Leasehold improvements	15 years

Endowment
The Foundation adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which has been adopted by Connecticut and New York, which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In addition, the Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of endowment funds that are subject to UPMIFA. This guidance, FASB Accounting Standards Codification ("ASC") 958-205, *Reporting Endowment Funds*, has been adopted by the Foundation.

Investment return objectives, risk parameters and strategies
The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. In choosing to invest its assets with BTCF, the Foundation has adopted BTCF's investment policy. Under this policy, the endowment assets are invested in a manner that is intended out-perform traditional industry benchmarks while maintaining prudent standards of risk management.

To satisfy its long-term rate-of-return objectives BTCF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). BTCF targets a diversified asset allocation that places a

greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy
The Foundation has authorized a spending policy for the years ended December 31, 2024 and 2023 based on 4.85% and 5.00% of the average ending balances of the financial assets for the most recent 20 quarters as of June 20th in any given year, respectively. A schedule calculating the spending policy is reviewed and approved by the Board of Directors annually.

Underwater endowments
The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The spending rate for funds below their historic dollar values are as follows:

Below historic dollar value	Spending rate
0-5%	4.00%
5-10%	3.50%
>10%	2.50%

Functional expenses
The statements of activities and changes in net assets presents the natural classification detail of expenses by function. Certain costs have been allocated among the programs and supporting services benefited on the statements of functional expenses. Certain expenses, such as legal and accounting are allocated directly to their respective function including legal and accounting which considered 100% management & general costs and grants and disbursements which are considered 100% program expenses. The remainder of the expenses are allocated 32% to management and general and 68% to programs for the year ended December 31, 2024 and 30% to management and general and 70% to programs for the year ended December 31, 2023 based on management's estimate of time and effort.

Concentration of credit risk
The Foundation maintains its cash balances in one bank. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000 at the bank. At times, the Foundation's balances may exceed these limits. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications
Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

Subsequent events
Management has reviewed subsequent events through September 15, 2025, which is the date the financial statements were approved and available for issuance.

Note 2 - Liquidity

The Foundation supports its general operations from investment income. The Foundation monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. In order to provide information about liquidity, assets have been sequenced according to their nearness of conversion to cash. Liabilities have been sequenced according to the nearness of their resulting use of cash.

The Foundation approves the current year spending from investments based on the spending policy discussed in Note 1. However, the Board of Directors may release additional investment funds with Board approval.

As of December 31, 2024 and 2023, the Foundation has financial assets available to meet annual operating needs as follows:

	2024	2023
Financial assets at year-end		
Cash	$ 80,559	$ 134,961
Loan receivable	181,130	-
Investments	30,355,586	28,174,779
Financial assets available	30,617,275	28,309,740
Less		
Donor restricted endowment	(5,341,053)	(4,927,713)
Board designated endowment	(24,797,636)	(23,238,766)
Expected draw on spending policy of 5.72% and 4.85%	2,054,858	1,799,726
Financial assets available to meet general expenditures over the next 12 months	$ 2,533,444	$ 1,942,987

Note 3 - Loan receivable

At December 31, 2024, the Foundation had a $181,130 loan receivable for the Revolving Loan Program for Affordable Housing. The loan has an interest rate of 3% with principal and interest due on June 27, 2025. The note is secured by real property at 17 Pierce Lane, West Cornwall, Connecticut and personal property. Subsequent to year end, the loan was repaid.

Note 4 - Fixed assets

Fixed assets consist of the following:

	2024	2023
Equipment	$ 96,538	$ 91,206
Accumulated depreciation	(52,613)	(38,212)
	$ 43,925	$ 52,994

Depreciation expense was $13,176 and $10,914 for the years ended December 31, 2024 and 2023, respectively.

Note 5 - Investment securities

The Foundation's investments as of December 31, 2024 and 2023 are as follows:

	2024	2023
BTCF managed pool	$ 30,355,586	$ 28,174,779

Investment return on the investment pools and its classification in the statements of activities and changes in net assets consisted of the following:

	2024	2023
Dividends and interest	$ 242,675	$ 246,238
Unrealized gain	2,235,750	3,102,207
Realized gain	1,038,720	64,363
Investment fees	(25,314)	(117,064)
	$ 3,491,831	$ 3,295,744

Note 6 - Fair value of financial instruments

The following tables present the financial instruments that are measured at fair value as of December 31, 2024 and 2023:

	Fair value measurements at reporting date using			
	Total	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2024				
Investments held at BTCF	$ 30,355,586	$ -	$ -	$ 30,355,586
Contribution receivable - CRT	13,684	-	-	13,684
Beneficial interest in perpetual trusts	8,796,182	-	-	8,796,182
Total	$ 39,165,452	$ -	$ -	$ 39,165,452
December 31, 2023				
Investments held at BTCF	$ 28,174,779	$ -	$ -	$ 28,174,779
Contribution receivable - CRT	13,232	-	-	13,232
Beneficial interest in perpetual trusts	8,155,653	-	-	8,155,653
Total	$ 36,343,664	$ -	$ -	$ 36,343,664

BTCF regularly reports the liquidity of invested assets in multiple pools. At December 31, 2024 and 2023, the Foundation held investments in the managed investment pool. Funds are withdrawn from the Managed Pool quarterly for operating expenses. The Foundation's yearly budgeted grants are

withdrawn from the Managed Pool at the time the grant check is disbursed. Investment activity Is allocated to the Foundation on a monthly basis.

Applying the Foundation's percentage ownership in the BTCF Managed Pool results in the following projected table of liquidity:

Redemption terms	Amount of invested pool	% of invested pool
December 31, 2024		
Daily	$ 9,106,675	30%
Monthly	2,124,891	7%
Quarterly	9,713,788	32%
Annually	2,732,003	9%
Illiquid	6,374,673	21%
Total	$ 30,355,586	99%
December 31, 2023		
Daily	$ 8,170,685	29%
Monthly	1,690,487	6%
Quarterly	9,297,678	33%
Annually	2,535,730	9%
Illiquid	6,480,199	22%
Total	$ 28,174,779	99%

Requests of funds by the Foundation during each calendar year of up to 10% of the value of the Foundation's Fund will be disbursed within 10 days. The Foundation must provide BTCF with 120 days written notice for any request of funds in excess.

There were no transfers in or out of Level 3 investments. The Foundation purchased $374,760 and $272,488 of investments during the fiscal years ended December 31, 2024 and 2023, respectively.

Note 7 - Charitable remainder trust

The Foundation has a split-interest in a charitable remainder trust ("CRT"), administered by a trustee outside the Foundation. The charitable remainder trust provides for the payment of distributions to the designated beneficiaries over the trust's term (the beneficiaries' lifetime). At the end of the trust's term, the Foundation will receive 10% of remaining assets. An asset is reported in the statements of financial position representing the present value of the expected future benefits. On an annual basis, the Foundation revalues the asset. It is reported as contribution receivable - CRT.

There are charitable remainder trusts which name Sharon Hospital as the beneficiary. The Foundation is the logical successor; however, it has not yet been named as beneficiary. No contributions from these trusts have been recorded.

Note 8 - Beneficial interest in perpetual trusts

The Foundation is an income beneficiary of two irrevocable perpetual trusts, the assets of which are managed by and are in the possession of Bank of America. The value of the Foundation's share of the assets held in these trusts were valued at $8,796,182 and $8,155,653 as of December 31, 2024 and 2023, respectively. The Foundation received $374,760 and $272,488 in income distributions based on the fund's income after certain trust expenses for the years ended December 31, 2024 and 2023, respectively.

Note 9 - Grants payable

Grants payable to be made over the next two years includes the following:

	2024	2023
Due in one year or less	$ 159,000	$ -
Due in one to five years	55,000	-
	$ 214,000	$ -

Note 10 - Net assets with donor restrictions

The balance in net assets with donor restrictions as of December 31, 2024 and 2023 consist of the following:

	2024	2023
Contribution receivable - CRT	$ 13,684	$ 13,232
Field of interest medical education funds	-	108,192
Beneficial interest in trusts	8,796,182	8,155,653
Income on endowment funds		
Prescription funds	877,767	790,550
General operating funds	2,448,380	2,122,257
Endowment funds in perpetuity		
Prescription funds	295,164	295,164
General operating funds	1,719,742	1,719,742
	$ 14,150,919	$ 13,204,790

Releases from donor restrictions include the following:

	2024	2023
Field of interest medical education funds	$ 108,794	$ 4,653
Endowment income		
Prescription funds	52,054	55,144
General operating funds	160,407	156,270
	$ 321,255	$ 216,067

Note 11 - Endowment

The Foundation's endowment includes funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The designated net assets are to be used for grants and operations based on an adopted spending policy.

Endowment net assets composition by type of fund and changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	2024		
	Without donor restrictions	With donor restrictions	Total
Endowment net asset composition			
Donor-restricted endowment funds	$ -	$ 5,341,053	$ 5,341,053
Board-designated endowment funds	24,797,636	-	24,797,636
	$ 24,797,636	$ 5,341,053	$ 30,138,689
Change in endowment net assets			
Endowment net assets, December 31, 2023	$ 23,238,766	$ 4,927,713	$ 28,166,479
Contribution (investment return on perpetual trust)	374,767	-	374,767
Investment return			
Investment income (loss), net	78,635	17,206	95,841
Net appreciation	2,787,395	608,595	3,395,990
Appropriation of endowment assets for expenditure	(1,681,927)	(212,461)	(1,894,388)
Endowment net assets, December 31, 2024	$ 24,797,636	$ 5,341,053	$ 30,138,689

	2023		
	Without donor restrictions	With donor restrictions	Total
Endowment net asset composition			
Donor-restricted endowment funds	$ -	$ 4,927,713	$ 4,927,713
Board-designated endowment funds	23,238,766	-	23,238,766
	$ 23,238,766	$ 4,927,713	$ 28,166,479
Change in endowment net assets			
Endowment net assets, December 31, 2022	$ 21,431,800	$ 4,587,847	$ 26,019,647
Contribution (investment return on perpetual trust)	272,488	-	272,488
Investment return			
Investment income, net	108,951	19,783	128,734
Net depreciation	2,623,289	531,497	3,154,786
Appropriation of endowment assets for expenditure	(1,197,762)	(211,414)	(1,409,176)
Endowment net assets, December 31, 2023	$ 23,238,766	$ 4,927,713	$ 28,166,479

Interpretation of relevant law

The Board of Directors of the Foundation have interpreted the UPMIFA as requiring the reservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with restrictions in perpetuity: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with restrictions in perpetuity is classified as net assets with donor restrictions due to purpose or time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA.

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the 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.
7. Where appropriate and circumstances would warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Foundation.
8. The investment policies of the Foundation.

Note 12 - Tax-deferred annuity

The Foundation has adopted a 403(b)(7) Tax Deferred Annuity Plan for its employees and has voluntarily contributed 7% of annual salaries for eligible employees. Investment companies maintain the invested assets. The employer contributions to the plan for the years ended December 31, 2024 and 2023 were $35,165 and $33,717, respectively.

Note 13 - Related party transactions

The Foundation received financial, investment management and administrative services from BTCF. Financial services fee expenses are adjusted annually based on the consumer price index. Investment services fees are calculated based upon a calculated percentage of the Foundation's funds held by BTCF. The related party expenses and payables at December 31, 2024 and 2023 are as follows:

	2024	2023
Financial services fees	$ 28,897	$ 28,897
Investment services fees	121,558	114,644
	$ 150,455	$ 143,541
Related party payables	$ 38,384	$ 21,673

CohnReznick

Independent Member of Nexia

cohnreznick.com