

**THE VALLEY COMMUNITY FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2025 AND 2024**

**THE VALLEY COMMUNITY FOUNDATION, INC.**

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## Independent Auditors' Report

To the Board of Directors  
The Valley Community Foundation Inc.

### Opinion

We have audited the financial statements of The Valley Community Foundation Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, cash flows and functional expenses 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 Foundation as of December 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 (GAAP).

### 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 GAAP, 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 Foundation's ability to continue as a going concern within one year after the date that 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 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 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 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*

Shelton, Connecticut  
March 24, 2026

**THE VALLEY COMMUNITY FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 691,172	\$ 700,327
Investments at Market Value - Component Funds	26,472,543	24,330,470
Investments at Market Value - Organization Funds	16,129,110	14,420,144
Total Cash and Investments	<u>43,292,825</u>	<u>39,450,941</u>
Contributions Receivable	-	7,686
Right-of-Use Asset - Operating Lease	132,947	150,910
Furniture and Equipment, Net	<u>9,840</u>	<u>14,143</u>
<b>Total Assets</b>	<b><u>\$ 43,435,612</u></b>	<b><u>\$ 39,623,680</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 60,673	\$ 59,637
Grants Payable	20,000	216,000
Organization Funds	16,129,110	14,420,144
Operating Lease Liability	<u>133,597</u>	<u>152,410</u>
Total Liabilities	<u>16,343,380</u>	<u>14,848,191</u>
<u>Net Assets</u>		
Net Assets Without Donor Restriction	<u>27,092,232</u>	<u>24,775,489</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 43,435,612</u></b>	<b><u>\$ 39,623,680</u></b>

See notes to financial statements.

**THE VALLEY COMMUNITY FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>Revenue, Gains and Other Support</b>		
Contributions	\$ 2,552,178	\$ 2,748,877
Less Transfers to Organization Funds	<u>(526,304)</u>	<u>(704,705)</u>
Net Contributions	2,025,874	2,044,172
Investment Return, Net	<u>3,131,076</u>	<u>2,390,551</u>
Total Revenue, Gains and Other Support	<u>5,156,950</u>	<u>4,434,723</u>
<b>Expenses</b>		
Program Services:		
Grants and Distributions Approved, Net	2,184,911	2,142,038
Grants for Program Management and Direct Grant Activities	<u>517,934</u>	<u>541,917</u>
Total Grant Expense	2,702,845	2,683,955
Less Distributions from Organization Funds	<u>(141,527)</u>	<u>(266,662)</u>
Net Grant Expense	<u>2,561,318</u>	<u>2,417,293</u>
Supporting Services:		
Management, Leadership and Operations	119,525	125,055
Development, Donor Services and Fund Stewardship	<u>159,364</u>	<u>166,744</u>
Total Administrative Expenses	<u>278,889</u>	<u>291,799</u>
Total Expenses	<u>2,840,207</u>	<u>2,709,092</u>
Change in Net Assets	2,316,743	1,725,631
Net Assets - Beginning of Year	<u>24,775,489</u>	<u>23,049,858</u>
<b>Net Assets - End of Year</b>	<b><u>\$ 27,092,232</u></b>	<b><u>\$ 24,775,489</u></b>

See notes to financial statements.

**THE VALLEY COMMUNITY FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

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	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 2,316,743	\$ 1,725,631
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,635	8,949
Realized and Unrealized Investment Gains, Net	(2,903,831)	(2,420,179)
Noncash Operating Lease Expense	17,963	16,017
Changes in Assets and Liabilities:		
Contributions Receivable	7,686	742,314
Accounts Payable and Accrued Expenses	1,036	9,936
Grants Payable	(196,000)	(31,555)
Organization Funds	1,708,966	1,594,007
Operating Lease Liability	(18,813)	(14,517)
Total Adjustments	<u>(1,375,358)</u>	<u>(95,028)</u>
Net Cash Provided by Operating Activities	<u>941,385</u>	<u>1,630,603</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments	29,868,582	17,444,578
Purchases of Investments	(30,815,790)	(19,333,667)
Purchases of Furniture and Equipment	(3,332)	(3,199)
Net Cash Used in Investing Activities	<u>(950,540)</u>	<u>(1,892,288)</u>
Net Change in Cash and Cash Equivalents	(9,155)	(261,685)
Cash and Cash Equivalents - Beginning of Year	<u>700,327</u>	<u>962,012</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><b>\$ 691,172</b></u>	<u><b>\$ 700,327</b></u>

See notes to financial statements.

**THE VALLEY COMMUNITY FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2025**

	Program Services			Supporting Services			Total Foundation Services
	Grants Awarded and Programs	Other Program Expenditures	Total Program Services	Management Leadership and Operations	Development, Donor Services, and Fund Stewardship	Total Supporting Services	
Grants to Community	\$ 1,972,502	\$ -	\$ 1,972,502	\$ -	\$ -	\$ -	\$ 1,972,502
Salaries and Benefits	34,798	378,365	413,163	87,314	116,421	203,735	616,898
Marketing, Outreach, and Special Events	30,197	26,088	56,285	6,021	8,027	14,048	70,333
Occupancy	-	29,294	29,294	6,762	9,013	15,775	45,069
Information Management, Technology and Maintenance	-	20,749	20,749	4,788	6,384	11,172	31,921
Convenings and Meetings	-	19,055	19,055	4,397	5,863	10,260	29,315
Professional Fees	-	16,034	16,034	3,701	4,933	8,634	24,668
Supplies	-	7,710	7,710	1,779	2,372	4,151	11,861
Professional Development	-	5,945	5,945	1,372	1,829	3,201	9,146
Insurance	-	5,493	5,493	1,268	1,690	2,958	8,451
Depreciation	5,887	1,136	7,023	262	350	612	7,635
Dues and Fees	-	4,007	4,007	925	1,233	2,158	6,165
Consultants	-	3,632	3,632	838	1,118	1,956	5,588
Travel	-	426	426	98	131	229	655
General	-	-	-	-	-	-	-
<b>Total Functional Expenses</b>	<b><u>\$ 2,043,384</u></b>	<b><u>\$ 517,934</u></b>	<b><u>\$ 2,561,318</u></b>	<b><u>\$ 119,525</u></b>	<b><u>\$ 159,364</u></b>	<b><u>\$ 278,889</u></b>	<b><u>\$ 2,840,207</u></b>

See notes to financial statements.

**THE VALLEY COMMUNITY FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

	Program Services			Supporting Services			Total Foundation Services
	Grants Awarded and Programs	Other Program Expenditures	Total Program Services	Management Leadership and Operations	Development, Donor Services, and Fund Stewardship	Total Supporting Services	
Grants to Community	\$ 1,827,649	\$ -	\$ 1,827,649	\$ -	\$ -	\$ -	\$ 1,827,649
Salaries and Benefits	-	426,204	426,204	98,355	131,140	229,495	655,699
Marketing, Outreach, and Special Events	8,500	25,764	34,264	5,946	7,927	13,873	48,137
Occupancy	-	28,002	28,002	6,462	8,616	15,078	43,080
Information Management, Technology and Maintenance	-	5,424	5,424	1,249	1,669	2,918	8,342
Convenings and Meetings	16,230	15,678	31,908	3,618	4,824	8,442	40,350
Professional Fees	-	14,888	14,888	3,436	4,581	8,017	22,905
Supplies	-	11,140	11,140	2,571	3,428	5,999	17,139
Professional Development	-	3,163	3,163	730	973	1,703	4,866
Insurance	-	4,531	4,531	1,046	1,394	2,440	6,971
Depreciation	5,897	1,984	7,881	458	610	1,068	8,949
Dues and Fees	-	3,806	3,806	878	1,171	2,049	5,855
Consultants	17,100	626	17,726	144	193	337	18,063
Travel	-	23	23	5	7	12	35
General	-	684	684	157	211	368	1,052
<b>Total Functional Expenses</b>	<b><u>\$ 1,875,376</u></b>	<b><u>\$ 541,917</u></b>	<b><u>\$ 2,417,293</u></b>	<b><u>\$ 125,055</u></b>	<b><u>\$ 166,744</u></b>	<b><u>\$ 291,799</u></b>	<b><u>\$ 2,709,092</u></b>

See notes to financial statements.

**THE VALLEY COMMUNITY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**Note 1 - Organization and Basis of Presentation:**

The Valley Community Foundation, Inc. (The Foundation) is a charitable corporation whose mission is to inspire philanthropic growth, provide and foster leadership, engage donors, and strengthen the Valley community both now and for future generations.

The Foundation was organized in 2004 through the former Internal Revenue Code (IRC) provisions afforded under section 509(a)(3) as a supporting organization of The Community Foundation for Greater New Haven (The Community Foundation) to carry out its purposes, mission objectives, operations and activities in the towns of Ansonia, Derby, Shelton, Seymour and Oxford, Connecticut, and their environs.

In 2014, The Foundation, as a result of changes in federal tax law that became effective at the beginning of calendar year 2014, determined through actions adopted by its Board of Directors that it shall obtain its federal exemption under Section 501(c)(3) as an independent organization for, among other things, fulfilling its public support test, rather than through the former IRC provisions afforded under Section 509(a)(3) as a supporting organization to The Community Foundation. Notwithstanding this IRC election by The Foundation, The Community Foundation and The Foundation, through an amendment to the existing affiliation agreement that was adopted in December 2013 by the respective Board of Directors, will continue to report the financial results of The Community Foundation and The Foundation on a combined basis pursuant to the provisions of such affiliation agreement. Consistent with IRC requirements that have existed since The Foundation's formation in 2004, The Foundation and The Community Foundation will continue to issue separate informational tax filings through Internal Revenue Service Form 990.

Under the affiliation agreement between the Foundation and The Community Foundation, The Community Foundation's tax-exempt corporation, The Community Foundation for Greater New Haven, Inc. (Corporation) performs the investment management services to the Foundation for all of its permanent component and nonpermanent charitable assets. In 2014, The Corporation sought registration as a Connecticut registered investment adviser with the State of Connecticut's Department of Banking under the Connecticut Uniform Securities Act as part of its on-going efforts to provide local nonprofits with the comfort of knowing that their endowment-like assets are managed according to the industry standards and best practices. In March 2014, the Connecticut Department of Banking's Securities and Business Investments Division notified the Corporation that it was a registered investment adviser. The Corporation advises both its permanent assets, including its component funds, which have come to the Corporation through irrevocable gifts, as well as other non-permanent charitable assets that have come to the Corporation and The Foundation through revocable transfer by charitable institutions wishing to outsource the management of their investments (Organization Funds). The primary investment advisory services that the Corporation provides to Organization Funds are the selection and monitoring of unaffiliated asset managers retained under a commingled fund operating under a long-term asset allocation model, which processes are set forth in an investment management agreement between the Organization Funds and the Corporation. See Note 2c below for additional information on Organization Funds.

The Foundation qualifies as a public charity under IRC Section 170(b)(1)(A)(vi) and is exempt from federal income and state taxes under Section 501(c)(3) of the IRC and Section 12-244 of the Connecticut General Statutes.

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

**a. Basis of Accounting**

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**b. Financial Statement Presentation**

The Foundation measures aggregate net assets based on the absence or existence of donor-imposed restrictions. The two categories of net assets for presentation of The Foundation's financial statements are as follows: with donor restriction and without donor restriction.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205: *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, sets forth the net asset classifications of donor-restricted endowment funds in accordance with the State of Connecticut's enacted version of the Uniform Prudent Management of Institutional Funds Act (CUPMIFA). This standard also requires other disclosures concerning an organization's charitable assets including whether or not the organization is subject to CUPMIFA. Although CUPMIFA is not germane, The Foundation has and will continue to provide additional disclosures as further described below for the complete fulfillment of donor intent. Further, The Foundation will continue its stewardship responsibilities by internally accounting for and reporting on all net assets in accordance with each donor's original intent as provided for in the underlying gift instrument that established the fund, as presented in Note 3a. The impact of CUPMIFA's adoption was negligible on the presentation of The Foundation's financial statements given the governing documents' provision for variance power, the unilateral power to redirect the use of a contribution for another charitable purpose. The criteria and circumstances under which the Board of Directors of The Foundation would exercise its responsibility are prescribed within the By-Laws.

The Foundation's financial statements classify all net assets as without donor restriction; however, as noted above, all recordkeeping for internal management and all external reporting retain the original donor intent and direction for every charitable fund held within The Foundation. As of December 31, 2025 and 2024, The Foundation had no net assets with donor restriction.

As the community's perpetual endowment organization, The Foundation's spending policies and philosophy since their creation in 2004, as well as the long-term investment management policies and procedures both of which are further described in Note 3b, were designed to function as integrated processes and are administered to reflect the following facts and circumstances, as also described in CUPMIFA, for prudent stewards of charitable assets, including:

- 1) The duration and preservation of a fund;
- 2) The purpose of the organization and the donor designations thereto;
- 3) General economic conditions;
- 4) The possible effects of inflation and deflation;

- 5) The expected total return of the charitable assets;
- 6) Other resources of the organization;
- 7) The investment policies.

The Foundation, in accordance with the above, would permit spending distributions from funds that were deemed “under water” subject to a complete review of the facts and circumstances pertaining to a fund, the degree to which said fund is below its historic gift value, and at all times subject to the relevant laws and regulations and the stated intentions of the donor.

**c. Organization Funds**

The Foundation receives and distributes assets for certain endowment funds that have been established by a nonprofit from its own resources for the sole purpose of supporting that specific nonprofit’s operations. Amounts received and distributed under these relationships totaled \$526,304 and \$141,527, respectively, for the year ended December 31, 2025, and \$704,705 and \$266,662, respectively, for the year ended December 31, 2024.

The amounts received but not yet distributed totaled \$16,129,110 and \$14,420,144 at December 31, 2025 and 2024, respectively, and are included in the statements of financial position and referred to as organization funds.

**d. Cash and Cash Equivalents**

Cash and cash equivalents include currency and interest-bearing short-term investments with an average maturity of three months or less.

The Foundation maintains deposits that may, at times, be in excess of the financial institution’s insurance limits. The Foundation invests available cash and cash equivalents with high-credit quality institutions and believes that such deposits are not subject to significant credit risk.

**e. Investments**

Investments are carried at fair value, as discussed in Note 2f below. Investments include alternative investments, which are principally hedge strategies, and real assets which include asset classes such as private equity, real estate and natural resources. Because most alternative investments are not immediately marketable given the nature of the underlying strategies and the terms of the investment’s governing agreement, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for the investments had been in existence, and the difference could be material. Fair value of alternative investments in limited partnerships are determined by the general partner to be at fair value pursuant to GAAP’s standard referred to as *Fair Value Measurements* after it considers certain pertinent factors that are reviewed and discussed by management and its investment committee, in consultation with its independent advisory firm, via the Corporation.

## f. Fair Value of Financial Instruments

The Foundation is required to measure the fair value of its assets and liabilities under a three-level hierarchy. In addition, in 2015, The Foundation adopted FASB Accounting Standards Update (ASU) 2019-12, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2019-12). In summary, ASU 2019-12 is a practical expedient to measure the fair value of certain investments that utilize a net asset value rather than categorized under the fair value hierarchy. For those investments that do not utilize a net asset value methodology, The Foundation measures the fair value under the three-level hierarchy, as follows:

**Level 1:** Observable inputs from quoted market prices for identical assets or liabilities to which The Foundation has independent access at the measurement date.

**Level 2:** Observable inputs based on direct quoted market prices or indices for the asset or liability, either directly or indirectly, or can be corroborated by observable inputs and market data, or The Foundation possesses the ability to redeem the asset in the near term (within 90 days) subsequent to the measurement date.

**Level 3:** Prices, which may be derived from an underlying quoted market price, observable input and/or market data contained in Level 1 and Level 2, which also requires significant judgment on observable inputs by the investee as to the net asset value per share or unit of The Foundation's ownership interest in the partners' capital, and where redemption would be available in a period of more than 90 days from the measurement date. Valuation methodologies include, but are not limited to, discounted cash flow analysis, comparable asset analysis, third-party appraisals, third-party pricing services and other applicable indices.

Where:

Observable inputs reflect the market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and from independent sources that are actively involved in the relevant markets, and include assumptions made in pricing and valuations of the asset or liability that are developed from sources independent of The Foundation; and

Unobservable inputs reflect The Foundation's own assumptions about the fair value assumptions made by investees' use in pricing the asset or liability developed based on the best information available. The Foundation has never used unobservable inputs for determining fair value of its investments.

The fair value of The Foundation's investments as of December 31, 2025 is as follows:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments Valued at NAV (a)</u>
Short-term investments	\$ 1,213,559	\$ 1,213,559	\$ -	\$ -	\$ -
Fixed income	12,988,118	10,512,360	-	-	2,475,758
Equities:					
International	4,127,079	1,180,748	-	-	2,946,331
Domestic	10,487,068	1,538,114	-	-	8,948,954
Alternatives:					
Absolute return	6,115,068	-	-	-	6,115,068
Real assets	2,825,621	-	-	-	2,825,621
Private equity	4,845,140	-	-	-	4,845,140
Investments as of December 31, 2025	<u>\$ 42,601,653</u>	<u>\$ 14,444,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,156,872</u>
Percent of Total	100%	33.9%	0.0%	0.0%	66.1%

The fair value of The Foundation's investments as of December 31, 2024 is as follows:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments Valued at NAV (a)</u>
Short-term investments	\$ 294,475	\$ 294,475	\$ -	\$ -	\$ -
Fixed income	7,500,926	4,770,149	-	-	2,730,777
Equities:					
International	5,889,832	1,315,874	-	-	4,573,958
Domestic	9,566,514	606,345	-	-	8,960,169
Alternatives:					
Absolute return	7,213,005	-	-	-	7,213,005
Real assets	3,622,259	-	-	-	3,622,259
Private equity	4,663,603	-	-	-	4,663,603
Investments as of December 31, 2024	<u>\$ 38,750,614</u>	<u>\$ 6,986,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,763,771</u>
Percent of Total	100%	18.0%	0.0%	0.0%	82.0%

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

There were no transfers between levels of investments during the years ended December 31, 2025 and 2024.

The following tables disclose certain additional information as of December 31, 2025 and 2024 related to The Foundation's investments that report fair valued based on net asset value per share and are not traded in an active market, although such net asset values may be based on underlying securities that are traded in an active market:

<b>December 31, 2025</b>				
<u>Description</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
<b>Investments valued at Net Asset Value:</b>				
Fixed income	\$ 2,475,758	\$ None	More than 3 years	N/A
International equity	2,946,331	None	Monthly to 3-year lock-up period	5-90 days' notice
Domestic equity	8,948,954	None	Daily to quarterly	0-60 days' notice
Absolute return	6,115,068	None	Annually with a 1-year lock-up period	60 days' written notice
Real assets	2,825,621	509,097	More than 3 years	N/A
Private equity	<u>4,845,140</u>	<u>855,629</u>	More than 3 years	N/A
Total net asset value	\$ <u><u>28,156,872</u></u>	\$ <u><u>1,364,726</u></u>		

December 31, 2024

Description	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions
<b>Investments valued at Net Asset Value:</b>				
Fixed income	\$ 2,730,777	\$ None	More than 3 years	N/A
International equity	4,573,958	None	Monthly to 3-year lock-up period	5-90 days' notice
Domestic equity	8,960,169	None	Daily to quarterly	0-60 days' notice
Absolute return	7,213,005	None	Annually with a 1-year lock-up period	60 days' written notice
Real assets	3,622,259	439,720	More than 3 years	N/A
Private equity	<u>4,663,603</u>	<u>787,413</u>	More than 3 years	N/A
Total net asset value	<u>\$ 31,763,771</u>	<u>\$ 1,227,133</u>		

The Corporation assesses and reports on the liquidity of all investments on a monthly basis to ensure that it has access to sufficient resources necessary for its current and future operational activities. Overall, The Foundation has access to approximately thirty two percent (31.5%) of the fair value of its investments on a monthly basis, and approximately fifty four percent (53.9%) of the fair value of its investments on a quarterly basis.

The Foundation's carrying amounts of cash and cash equivalents, accounts and grants payable and accrued expenses approximate fair value under Level 1. Investments are carried at fair value as presented above. Organization funds are carried at fair value based on the underlying investments. Derivatives instruments are measured at fair value based on observable inputs. Certain alternative investments use stock indices, swaps, options, convertible securities and foreign currency exchange contracts, which are classified as derivatives. The Foundation does not use derivatives for speculative purposes, but rather these instruments are used with the objectives of reducing overall portfolio risk within the parameters provided to the underlying manager under a written agreement.

The Foundation's investments consist of the following types:

**Short-Term Investments:** Investments consist of treasury securities with an average maturity of 120 days or less, checking accounts and money market holdings with daily liquidity.

**Fixed Income:** Fixed income investments consist of both domestic and foreign issuances of debt instruments and include government holdings. Domestically, The Foundation concentrates primarily on U.S. treasuries, including a separate account approach of Treasury Inflation Protected Securities (TIPS). Internationally, the fixed income strategy includes sovereign-issued, local-currency denominated debt holdings and a global fixed income approach that seeks a long-term, value-oriented approach in local-currency debt instruments. Fixed income securities are valued based on yields currently available on comparable securities issuers with similar duration and credit ratings.

**Equities:** Domestic and international equities, including international emerging market equities, are listed securities traded on public exchanges, at various market capitalizations, and are priced daily by the underlying managers. The Foundation accesses both domestic and international equities through institutional-class mutual funds, limited partnerships and separate accounts. Publicly traded domestic and international equities accessed through a limited partnership arrangement.

**Absolute Return:** This strategy involves equity investments, either long or short, in marketable and publicly traded equities. Traditionally, hedge funds purchase stocks that they perceive to be undervalued and sell stocks that they perceive to be overvalued. The research-intensive and quantitative efforts in identifying promising stocks to hold long in a portfolio may also provide short-sale opportunities, and for this reason many directional hedged equity funds often maintain both long and short portfolios in a fund-of-funds strategy, as employed by The Foundation.

**Real Assets:** This strategy, within The Foundation's real assets investments, consists of investments which includes strategies such as private equity, real estate, venture capital and natural resources.

**Private Equity:** This strategy consists of making equity capital available through a fund-of-funds structure whereby the underlying investments in the specific companies are not quoted on a public exchange. Private equity consists of qualified investors and institutional funds that make investments directly into private companies or conduct buyouts of public companies. Private equity investments are made with a long-term perspective, or generally about ten years in duration.

The Foundation believes that the carrying amount of its investments is a reasonable fair value as of December 31, 2025 and 2024.

Investment return for the years ended December 31, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Realized and unrealized gains	\$ 4,228,020	\$ 3,576,143
Interest and dividends	<u>384,119</u>	<u>245,598</u>
Total portfolio return	4,612,139	3,821,741
Less market return – organization funds	(1,324,189)	(1,155,964)
Less investment management expenses	<u>(156,874)</u>	<u>(275,226)</u>
Investment return, net	<u>\$ 3,131,076</u>	<u>\$ 2,390,551</u>

**g. Leases**

The Foundation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Foundation determines if an arrangement conveys the right to use an identified asset and whether the Foundation obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Foundation recognizes a lease liability and right-of-use (ROU) asset at the commencement date of leases.

**ROU Assets:** An ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term as lease expense.

**Lease Liabilities:** A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate in effect at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Foundation uses a risk-free discount rate based on U.S. Treasury instruments for comparable lease terms.

**Accounting policy election for short-term leases:** The Foundation has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The Foundation recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

#### **h. Furniture and Equipment**

Furniture and equipment purchased in excess of \$2,500 are capitalized and are stated at historical cost. Depreciation is provided on a straight-line basis over the following useful lives:

Furniture and equipment	5-20 years
Computer equipment	3-5 years

Furniture and equipment at December 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 216,639	\$ 213,307
Accumulated depreciation	<u>(206,799)</u>	<u>(199,164)</u>
Furniture and equipment, net	<u>\$ 9,840</u>	<u>\$ 14,143</u>

#### **i. Contributions**

Unconditional contributions are recognized when pledged or received, as applicable, and are available for unrestricted use unless specifically restricted by the donor. Contributions receivable that are expected to be collected in more than one year are discounted to their present value. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. The Foundation does not recognize conditional promises and only recognizes unconditional contributions when they become estimable and quantifiable. Contributions receivable as of December 31, 2024 in the amount of \$7,686, represent unconditional promises to give that are expected to be collected within one fiscal year.

#### **j. Grants Payable**

Grants are recorded when approved by the Board of Directors and when the recipient has satisfied all material conditions of the terms of the grant agreement.

As of December 31, 2025, The Foundation is unaware of any material conditions on grants that are unlikely to be satisfied during the approved grant period. In the normal course of business, refunds and cancellations occur as a result of the recipient's needs being less than the appropriated amount and are deducted from the grant appropriations reported in the period as canceled or refunded.

Grant activity for the years ended December 31, 2025 and 2024, is summarized below:

	<u>2025</u>	<u>2024</u>
Grants payable, beginning of year	\$ 216,000	\$ 247,555
Grants approved	2,066,149	2,165,677
Grant payments distributed	(2,206,054)	(2,164,077)
Cancellations and adjustments	<u>(56,095)</u>	<u>(33,155)</u>
Grants payable, end of year	<u>\$ 20,000</u>	<u>\$ 216,000</u>

**k. Functional Expenses**

The costs associated with The Foundation providing various charitable services to the community, including both programmatic services and related support services, have been reported on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The cost associated with each of the services provided to the community have been allocated to program and supporting services and have been determined by management based on a human resources allocation framework for all charitable activities performed by The Foundation, and done on an equitable and directly correlated basis, and determined by a method of allocation based on time and effort contributed.

While these statements are presented in accordance with GAAP in classifying expenses by required function, the primary mission of The Foundation is to raise philanthropic funds for the community. Development and Fundraising are considered a core programmatic activity, noting the cost associated with this work is displayed under Supporting Services due to required presentation.

**l. Investment Management Fees**

Investment management expenses are those direct costs associated with the overall management of all charitable assets entrusted to The Foundation, including all custodial, sub-advisory, and investment management fees and expenses and direct expenses. In addition, in accordance with FASB ASU 2016-14, Nonprofit Entities (Topic 958), *Presentation of Financial Statements of Not-For-Profit Entities*, the investment management expense also includes the direct cost of the Community Foundation's professional staff that are dedicated to and responsible for performing these investment management services. These investment management expenses are allocated against realized and unrealized gains on investments on the statements of activities, and the value is disclosed thereon, as further set forth and quantified in Note 2f, above.

**m. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

## n. Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through March 24, 2026, which represents the date the financial statements were available to be issued. Through that date there were no material events that would require recognition or additional disclosure in the financial statements.

### Note 3 - Net Asset Management:

#### a. Net Asset Classifications and Values

As discussed in Note 2b, The Foundation internally accounts for all net assets in accordance with the donor's original intent as provided for in the gift instrument, in the following net asset classifications without donor restriction:

**Designated**: Represent funds for which the spending is distributed to one or more charitable beneficiaries in accordance with the donor's designation.

**Donor-Advised**: Represent funds for which the donor has reserved the right to make nonbinding distribution recommendations to The Foundation for distribution to the community in accordance with the policies and procedures governing donor-advised funds as adopted by The Foundation's governing board and the Articles of Incorporation and By-Laws.

**Preference**: Represent funds for which the spending is distributed to a specific field of interest or geographic location in accordance with the donor's stated interest, under the direction of The Foundation's governing board and the Articles of Incorporation and By-Laws.

**Unrestricted**: Represent funds that are discretionary and the spending from which is under the direction of The Foundation's governing board and the Articles of Incorporation and By-Laws.

Net assets as of December 31, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Net assets without donor restriction:		
Designated	\$ 6,097,696	\$ 5,267,628
Donor-advised	12,814,576	12,082,730
Preference	1,522,858	1,399,409
Undesignated	<u>6,657,102</u>	<u>6,025,722</u>
Total net assets	<u>\$ 27,092,232</u>	<u>\$ 24,775,489</u>

#### b. Endowment Spending

The Foundation employs a spending rule policy to maximize the flexibility, efficiency and impact of the endowment management process. This fund utilization policy does not distinguish between investment yield and appreciation, but rather on the total return of the assets.

Since 2004, The Foundation has employed a spending rule policy that calculates endowment spending based on a 20-quarters trailing average market value at a specific spending rate, with a minimum (“Floor”) of 4.25% and a maximum (“Cap”) of 5.75%, which will be applied to the current June 30<sup>th</sup> quarter-ending market valuation. The total value of endowment spending during any fiscal year shall be equal to the greater of the amounts calculated by applying the spending rate to the previous 20-quarter average market value, or to that amount calculated by using the Floor. However, under no circumstances shall the amount of endowment spending during any fiscal year be greater than the amount determined by using the Cap.

Based upon the spending rule policy, \$1,404,886 and \$1,320,738 were provided for during the years ended December 31, 2025 and 2024, respectively.

Changes in endowment net assets for the year ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Endowment net assets, beginning of year	\$ 24,352,424	\$ 22,366,178
Contributions	231,174	671,117
Investment return	2,856,855	2,243,904
Appropriation for expenditure	<u>(1,107,357)</u>	<u>(928,775)</u>
Endowment net assets, end of year	<u>\$ 24,352,424</u>	<u>\$ 22,366,178</u>

Note 4 - **Retirement Plan:**

Eligible employees are covered under a fully funded, noncontributory 401(k) retirement plan that requires that The Foundation make contributions thereto based on employees’ earnings. The plan was converted to a 401(k) plan from a 403(b) plan in July 2024. Total retirement plan contributions were \$31,209 and \$38,938 for the years ended December 31, 2025 and 2024, respectively.

Note 5 - **Leases:**

The Foundation leases office space under a non-cancelable operating lease expiring December 31, 2032.

Future lease minimum payments under this lease amendment are as follows:

<u>For the Years Ending</u>	
2026	\$ 19,200
2027	19,200
2028	20,700
2029	20,700
2030	20,700
2031-2032	41,400
Less discount to present value	<u>(8,303)</u>
Net present value of operating lease liability	<u>\$ 133,597</u>

Lease expense under the operating lease totaled \$18,350 and \$19,900 for the years ended December 31, 2025 and 2024, respectively, and is included in occupancy expense in the statements of functional expenses.

The remaining lease term for the operating lease is approximately 7 and 8 years for years ended December 31, 2025 and 2024, respectively. The discount rate used for the operating lease is 1.39%. The Foundation has elected to use the risk-free discount rate. Cash paid for amounts included in the measurement of the lease liabilities was \$17,963 and \$14,517 for the years ended December 31, 2025 and 2024, respectively.

Note 6 - **Availability and Liquidity:**

The following represents The Foundation’s financial assets at December 31, 2025 and 2024:

Financial assets at year end:	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 691,172	\$ 700,327
Contributions receivable	-	7,686
Short term investments	<u>1,213,559</u>	<u>294,475</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>1,904,731</u>	\$ <u>1,002,488</u>

The Foundation’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$199,200). Although The Foundation does not intend to spend from its financial assets other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, funds could be made available if necessary.