FOUNDATION FOR COMMUNITY HEALTH, INC.

Annual Financial Statements

For the Year Ended December 31, 2025

FOUNDATION FOR COMMUNITY HEALTH, INC.
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Foundation for Community Health, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for Community Health, Inc., as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation for Community Health, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence 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 within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the

judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 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 the 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.

Report on Summarized Comparative Information

CohnReznick previously audited the Foundation for Community Health, Inc.'s 2024 financial statements, and expressed an unmodified audit opinion on those financial statements in their report dated September 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

King, King & Associates

King, King & Associates, CPAs

September 7, 2026

Foundation for Community Health, Inc.
Statements of Financial Position
December 31, 2025
With Comparative totals for December 31, 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 144,237	$ 80,559
Accounts Receivable	15,485	750
Loan Fund Receivable	1,000,000	181,130
Prepaid Expenses	23,636	18,890
Total Current Assets	1,183,358	281,329
Fixed Assets, Net	124,156	163,428
Other Assets:		
Investments	31,977,860	30,355,586
Beneficial Interest in Trusts	9,693,998	8,796,182
Contribution Receivable - CRT	11,457	13,684
Security Deposit	5,000	5,000
Total Other Assets	41,688,315	39,170,452
Total Assets	**$ 42,995,829**	**$ 39,615,209**
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Grants Payable	$ 65,400	$ 214,000
Accounts Payable & Accrued Expenses	118,044	68,992
Current Portion of Right of Use Liability	29,692	27,163
Total Current Liabilities	213,136	310,155
Long-Term Liabilities:		
Long-Term Right of Use Liability, Net of Current Portion	67,719	97,411
Total Long-Term Liabilities	67,719	97,411
Total Liabilities	280,855	407,566
Net Assets:		
Without Donor Restrictions	27,192,251	25,056,724
With Donor Restrictions	15,522,723	14,150,919
Total Net Assets	42,714,974	39,207,643
Total Liabilities and Net Assets	**$ 42,995,829**	**$ 39,615,209**

The accompanying notes are an integral part of this financial statement.

Foundation for Community Health, Inc.

Statement of Activities
For the Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
Support and Revenue:				
Investment Return	$ 3,327,313	$ 706,808	$ 4,034,121	$ 3,491,831
Investment Return - Beneficial Interest in Trusts	398,657	-	398,657	374,760
Gain on Beneficial Interest in Trusts		897,816	897,816	640,530
Change in Value of CRT	-	(2,227)	(2,227)	452
Contributions	1,000		1,000	-
Other Income	3,305	-	3,305	7
Net Assets Released From Restrictions:				
Satisfaction of Donor Restrictions	230,593	(230,593)	-	-
Total Support and Revenue	3,960,868	1,371,804	5,332,672	4,507,580
Expenses:				
Grants and Disbursements	938,928	-	938,928	860,163
Program Expenses	606,144	-	606,144	607,226
Management and General	280,269	-	280,269	276,104
Total Expenses	1,825,341	-	1,825,341	1,743,493
Change in Net Assets	2,135,527	1,371,804	3,507,331	2,764,087
Net Assets, Beginning - Restated	25,056,724	14,150,919	39,207,643	36,443,556
Net Assets, Ending	$ 27,192,251	$ 15,522,723	$ 42,714,974	$ 39,207,643

The accompanying notes are an integral part of this financial statement.

Foundation for Community Health, Inc.

Statements of Cash Flows
December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 3,507,331	$ 2,764,087
Adjustments:		
Depreciation	44,571	43,052
Realized and Unrealized (Gain) Loss on Investments	(3,918,985)	(3,274,470)
Decreases/(Increases) in Assets:		
Accounts Receivable	(14,735)	-
Prepaid Expenses	(4,746)	(16,849)
Contribution Receivable - CRTs	2,227	(452)
(Gain)/Loss on Beneficial Interest in Trusts	(897,816)	(640,529)
Increases/(Decreases) in Liabilities		
Grants Payable	(148,600)	214,000
Accounts Payable and Accrued Expenses	49,052	15,138
Total Adjustments	(4,889,032)	(3,660,110)
Net Cash Used for Operating Activities	(1,381,701)	(896,023)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loan Distribution	(818,870)	(181,130)
Purchase of Fixed Assets	(5,299)	(46,107)
Proceeds from Sales of Investments	2,696,368	1,468,423
Purchase of Investments	(399,657)	(374,760)
Net Cash Used for Investing Activities	1,472,542	866,426
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of Right of Use Liability	(27,163)	(24,805)
Net Cash Used for Financing Activities	(27,163)	(24,805)
Net Increase (Decrease) in Cash and Cash Equivalents	63,678	(54,402)
Cash and Cash Equivalents at Beginning of Year	80,559	134,961
Cash and Cash Equivalents at End of Year	$ 144,237	$ 80,559
Supplemental Information:		
Interest Paid	$ -	$ -
Income Taxes Paid	$ -	$ -

The accompanying notes are an integral part of this financial statement.

Foundation for Community Health, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2025
With Comparative Totals for December 31, 2024

	Management and General	Programs	Totals 2025	Totals 2024
Grants and Disbursements	$ -	$ 938,928	$ 938,928	$ 860,163
Salaries	161,238	342,632	503,870	483,437
Employee Benefits	28,686	60,958	89,644	82,430
Payroll Taxes	11,414	24,254	35,668	41,858
Contract Services	-	-	-	18,795
Legal Services	-	-	-	11,768
Audit/Accounting	22,603	-	22,603	21,659
Payroll Service Fees	2,267	4,816	7,083	4,698
Financial Service Fees	10,544	22,405	32,949	28,897
Communications/Website	5,104	10,846	15,950	12,988
Software Support	4,296	9,130	13,426	4,448
Computer Maintenance Contract	1,698	3,608	5,306	5,119
Rent	2,327	4,945	7,272	8,955
Utilities and Fuel	1,561	3,316	4,877	5,514
Equipment Rental and Maintenance	841	1,786	2,627	2,490
Repairs & Office Maintenance	2,046	4,349	6,395	6,095
Office and Computer Supplies	991	2,106	3,097	2,574
Insurance	2,662	5,657	8,319	4,741
Telephone	1,092	2,320	3,412	2,549
Postage and Shipping	63	133	196	628
Dues & Subscriptions	122	258	380	302
Board Expenses	1,038	2,205	3,243	2,625
Staff Meetings & Meals	223	473	696	872
Business Related Travel	2,719	5,777	8,496	12,218
Staff Development & Travel Expenses	2,471	5,251	7,722	16,324
Depreciation	14,263	30,308	44,571	43,052
Miscellaneous	-	-	-	2,004
Program Consultants	-	58,611	58,611	56,290
Totals	$ 280,269	$ 1,545,072	$ 1,825,341	$ 1,743,493

The accompanying notes are an integral part of this financial statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Foundation

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 Asset 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 actions of the entity or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Charitable Remainder Trusts are included in Net Assets with Donor Restrictions.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with The Foundation's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates by management. The actual results of operations may differ from management's estimates.

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 I 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 state income taxes.

Management had analyzed the tax positions taken by the Foundation and has concluded that as of December 31, 2025, 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 ruling.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Foundation considers all unrestricted 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 are reported as investments.

Endowment
The Financial Accounting Standards Board (FASB) issued staff position No. FAS 117-1: *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* (FAS 117-1). FAS 117-1 provides accounting standards on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FAS 117-1 also provides for other disclosures concerning an organization's endowment funds and whether or not the organization is subject to UPMIFA. The State of Connecticut adopted its version of UPMIFA, which became effective October 1, 2007 (CTPMIFA). The State of New York has also adopted its version (NYPMIFA) in September, 2010. Prior to the issuance of FAS 117-1, accumulated gains and income on donor restricted endowment assets were classified as unrestricted net assets in accordance with the Uniform Management of Institutional Funds Act (UMIFA). Under SP No. 117-1, accumulated gains and income on donor-restricted endowment assets of perpetual duration are classified as net assets with donor restrictions until appropriated for expenditure.

Investments
Investments consist of the Foundation's share of the Berkshire Taconic Community Foundation's "Managed Pool," which consists of various types of investments. The Managed Pool has significant investments in equity and debt securities and is therefore subject to concentrations of credit and market risk. Investments are managed by investment advisors who are selected and engaged by the Investment Committee of the Board of Directors of the Berkshire Taconic Community Foundation (BTCF). The policies regarding investment composition, valuation, and spending are those of BTCF, reviewed and adopted by The Foundation.

Marketable investments in equities and debt securities are carried at fair value based upon quoted market prices. For limited marketability investments, including alternative investments which are principally absolute return strategies, private equity and real estate, the carrying value is the estimated fair value. Because alternative investments are not immediately marketable given the nature of the underlying strategies and the terms of the governing partnership agreements, 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. The Foundation's alternative investments accessed through limited partnerships are determined by the general partner to be at fair value pursuant to FASB ASC 820-10, as further discussed below, after it considers certain pertinent factors, including, but not limited to, the partner's share of the underlying limited partnership's net assets, liquidity features of the partnership, the underlying portfolio of holdings, the current market conditions for observable, corroborated or correlated transactions, comparable or similar products' fair valuations, external assessments of the limited partnerships' holdings, and the audit opinion from the independent auditor of the limited partnership.

Fair Value of Financial Instruments
In accordance with FASB ASC 820-10, the Foundation is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Values are based on quoted prices in active markets for identical assets.

Level 2: Values are based on significant observable market inputs, such as:

a. Quoted prices for similar assets or liabilities in active markets;
b. Quoted prices for similar assets or liabilities in market that are not active;
c. Observable inputs other than quoted prices for the asset or liability;
d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Values are based on significant unobservable inputs for the asset or liability should be used to the extent that observable inputs are not available. Fair value inputs used for absolute return investment, private equity investments, and nonearning assets have been estimated using the estimated net asset value per share of the investments.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment.

In accordance with FASB ASC 820-10, investments are carried at fair value and are presented in Note 9. Split-interest agreements are reported at fair value based on the life expectancy of the beneficiary and the net present value of the expected cash flows using a discount rate, which are Level 3 unobservable inputs. Agency funds are carried at fair value based on the underlying investments. Derivatives instruments held in the managed pool are measured at fair value based on Level 2 input. The Foundation does not directly pursue derivatives or speculative investments; however, in the ordinary course of investing activities, BTCF, pursuant to their investment policies, may hold these investments in the managed pools, of which the Foundation is a participant.

Spending Policy
The Foundation has authorized a spending policy for the years ended December 31, 2025 and 2024 based on 5.72% and 4.85% of the average ending balances of the financial assets for the past 5 years of audited financial statements 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%

Investment Policy
Through BTCF, the Foundation has adopted investment and spending policies for endowment assets in an effort to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce on average, over long-term horizons, returns that will offset spending plus inflation plus administrative fees.

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.

Property and Equipment
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

Contributions and Classification of Net Assets
Gifts of cash and other assets received are reported as without donor restrictions, unless subject to time restrictions. The Foundation receives annual contributions from two trusts. When a donor-stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as restrictions satisfied by payment. Restricted contributions are reported as increases to net assets without donor restrictions when restrictions expire (that is, when a stipulated restriction of time ends or purpose is accomplished) in the reporting period that the contributions are reported as revenues. Donor restricted support whose restrictions are met in the same reporting period are reported as without donor restricted support.

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. The loan 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 $1,000,000 and $181,130 at December 31, 2025 and 2024, respectively.

Adoption of New Accounting Standards:
In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Although applicable to prior years, the Foundation adopted the requirements of the guidance effective January 1, 2025.

As a result of the adoption of the new lease accounting guidance, the Foundation recognized on January 1, 2025, beginning of the year of adoption, a lease liability of $149,379, which represents the present value of the remaining operating lease payments of $97,411, discounted using the Foundation's risk-free rate of return of 6.5%, and a right-of-use asset of $149,379. See Note 13 for the impact on the financial statements due to the required prior period adjustment necessary to implement the standard after the effective date.

Investment Income
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 earned on savings accounts, as well as any other form of investment income, such as realized and unrealized gains. Restricted gains and investment income whose restrictions are met in the same reporting period are reported as unrestricted support.

Grant Awards
Grant awards are recorded as expenses when approved by the Foundation and when grant terms do not include material conditions.

Review for Subsequent Events
In connection with the preparation of the financial statements of the Foundation, as of and for the year ended December 31, 2025, events and transactions subsequent to December 31, 2025 through September 7, 2026, the date the financial statements were available to be issued, have been evaluated by the Foundation's management for possible adjustment and/or disclosure.

NOTE 2 – AVAILABILITY AND LIQUIDITY INFORMATION

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, 2025 and 2024, the Foundation has financial assets available to meet annual operating needs as follows:

	2025	2024
Financial Assets at Year-end		
Cash	$ 144,237	$ 80,559
Loan Receivable	1,000,000	181,130
Investments	31,977,860	30,355,586
Financial Assets Available	33,122,097	30,617,275
Less		
Donor Restricted Endowment	(5,817,268)	(5,341,053)
Board Designated Endowment	(26,034,485)	(24,797,636)
Expected Draw on Spending Policy of 7.565% and 5.72%	2,380,360	2,054,858
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	$ 3,650,704	$ 2,533,444

NOTE 3 – DETAIL NOTES ON ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

At December 31, 2025, the carrying amounts of the Foundation's deposits were $144,237, and the bank balance was $144,237, all of which is FDIC insured.

Investments

The Foundation's investments as of December 31, 2025 and 2024 are as follows:

	2025	2024
BTCF Managed Pool	$ 31,977,860	$ 30,355,586

Investment return on the investment pool and its classification in the statement of activities consisted of the following:

	2025	2024
Dividends and Interest	$ 295,131	$ 242,675
Unrealized Gains (Losses)	3,667,867	2,357,308
Realized Gains (Losses)	251,118	1,038,720
Investment Fees	(179,995)	(146,872)
	$ 4,034,121	$ 3,491,831

Fixed Assets

Fixed assets at December 31, 2025 and 2024 consist of the following items:

	2025	2024
Equipment	$ 101,837	$ 96,538
Right-of-Use Lease	149,379	149,379
Accumulated Depreciation	(127,060)	(82,489)
	$ 124,156	$ 163,428

Depreciation Expense was $44,571 and $43,052 for the years ended December 31, 2025 and 2024.

Grants Payable

As of December 31, grants payable are committed as follows:

	2025	2024
Due in one year or less	$ 65,400	$ 159,000
Due in one to five years	-	55,000
	$ 65,400	$ 214,000

Net Assets With Donor Restrictions

Net Assets with Donor Restrictions consist of the following:

	2025	2024
Contribution Receivable - CRT	$ 11,457	$ 13,684
Beneficial Interest in Trusts	9,693,998	8,796,182
Income on Endowment Funds		
Prescription Funds	982,824	877,767
General Operating Funds	2,819,538	2,448,380
Endowment Funds Held in Perpetuity		
Prescription Funds	295,164	295,164
General Operating Funds	1,719,742	1,719,742
	$ 15,522,723	$ 14,150,919

Releases from donor restrictions include the following:

	2025	2024
Endowment Income		
Prescription Funds	$ 50,248	$ 52,054
General Operating Funds	180,345	160,407
	$ 230,593	$ 212,461

NOTE 4 – BENEFICIARY 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 $9,693,998 and $8,796,182 respectively as of December 31, 2025 and 2024. The Foundation received $398,657 and $374,300 in income distributions based on the fund's income after certain trust expenses for the years ending December 31, 2025 and 2024, respectively.

NOTE 5 – CHARITABLE REMAINDER TRUSTS

The Foundation has a split-interest in a charitable remainder trust ("CRT"), administered by a trustee outside of 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 Statement 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 6 – LEASE COMMITMENTS

On December 12, 2023, the Foundation entered into a space lease for 5 years through December 2028. The monthly rent for 2025 and 2024 was $2,872 and $2,815 per month, respectively, with annual increases for succeeding months. The lease qualifies as other than short-term leases under ASC 842, and therefore, have been recorded at the present value of the future of the minimum lease payments. The lease was measured at a discount rate of 6.5%.

The right of use asset and lease liability are as follows as of December 31, 2025:

Operating Lease Right-of-Use Asset	$	89,627
Operating Lease Liability		97,411
Operating Lease Cost		27,163

The following table summarizes the supplemental cash flow information for the years ended December 31, 2025:

Cash paid for amounts included in the measurement of operating lease liability	$	27,163
Right of Use asset obtained in exchange for operating lease liability		149,379
Weighted-average remaining in operating leases term in years		3
Weighted-average discount rate for operating lease		6.50%

Annual Debt Service Payments on the lease is as follows:

	Principal	Interest
2026	$ 29,692	$ 5,457
2027	32,405	3,448
2028	35,314	1,256

NOTE 7 – 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 ending December 31, 2025 and 2024 were $35,605 and $35,165.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Foundation received investment management and administrative services from BTCF. The Foundation is a type-one supporting organization of BTCF. The total fees paid for 2025 and 2024 were $159,628 and $150,455. The Investment fees of $126,679 and $121,558 were based upon a calculated percentage of the Foundation's funds held by BTCF for the years 2025 and 2024, respectively. Administrative fees were $32,949 and $28,897 for 2025 and 2024. Administrative fees are based on the CPI index. Amounts owed to BTCF were $9,250 and $38,384 at December 31, 2025 and 2024.

NOTE 9 – ENDOWMENT FUNDS

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 as of December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-Restricted Endowment Funds	$ -	$ 5,817,268	$ 5,817,268
Board-Designated Endowment Funds	26,034,485	-	26,034,485
Total Funds	$ 26,034,485	$ 5,817,268	$ 31,851,753

Changes in Endowment Assets as of December 31, 2025 are as follows:

	Without Donor Unrestrictions	With Donor Restrictions	Total Endowment Assets
Endowment Assets at 12/31/24	$ 24,797,636	$ 5,341,053	$ 30,138,689
Contributions	399,657	-	399,657
Investment Return, Net	3,327,313	706,808	4,034,121
Amounts Appropriated for Expenditure	(2,490,121)	(230,593)	(2,720,714)
Endowment Assets at 12/31/21	$ 26,034,485	$ 5,817,268	$ 31,851,753

BTCF regularly reports the liquidity of invested assets in multiple pools. At December 31, 2025 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
Daily	$ 10,584,672	33.1%
Monthly	4,093,166	12.8%
Quarterly	9,049,734	28.3%
Annually	2,142,517	6.7%
Semi-Liquid	63,956	0.2%
Illiquid	6,043,815	18.9%
Total	$ 31,977,860	100.0%

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.

NOTE 10 – FAIR VALUE INFORMATION

			Fair Value Measurements Using		
Description	December 31, 2025	Net Asset Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest in Berkshire Taconic Community Foundation	$ 31,977,860	$ -	$ -	$ 31,977,860	$ -
Beneficial Interest in Remainder Trusts - CRT	11,457	-	-	-	11,457
Beneficial Interest in Perpetual Trusts	9,693,998	-	-	9,693,998	-
Total	$ 41,683,315	$ -	$ -	$ 41,671,858	$ 11,457

The interest in Berkshire Taconic Community Foundation is reported as valued using Level 2 measurements because the Foundation owns an interest in an investment pool which is periodically measured by BTCF and a significant portion of the interest is redeemable in the near term. The intermediation of BTCF results in some assets being classified as Level 2 assets in the table above when they would otherwise be deemed at Net Asset Value or Level 1 if held as direct investments by the Foundation. The Beneficial Interest is reported in the same manner as the bank trustee serves a role similar to that of BTCF.

Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

The following is a summary of the changes in the balances of assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interest in Remainder Trust
Balance, beginning of year	$ 13,684
Total gains or losses (realized and unrealized) included in the change in net assets	(2,227)
Purchases and Sales	-
Transfers in and/or out of Level 3	-
Balance, end of year	$ 11,457
The amount of total gains (losses) for the period included in change in net assets attributable to the change in unrealized gains related to assets still held at end of year	$ -
The amount reported as Change in Value of Split-Interest Agreements Related to Assets Held at Year-end	(2,227)

NOTE 11 – SUPPORTED ORGANIZATIONS

In 2014, the Foundation established two $1,000,000 donor-advised funds, one at Northwest Connecticut Community Foundation, Inc. and the other at Community Foundations of the Hudson Valley. Grant disbursements were recommended during the year. Donor-advised fund balances remain above the original gift amount. All remaining funds are held at its third supporting organization, the Berkshire Taconic Community Foundation.

NOTE 12 – FUNCTIONAL EXPENSE ALLOCATION METHOD

The costs of providing program and management services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the Statement of Functional Expenses. Certain expenses, such as Legal and Accounting are considered 100% Management & General Costs. The remainder of the expenses are allocated 32% to Management and General and 68% to Programs based on management's estimate and historical experience.

NOTE 13 – PRIOR PERIOD RESTATEMENT

The Foundation has not previously implemented FASB ASC 842, *Leases*, resulting in the omission of right-of-use (ROU) assets and lease liabilities for its operating leases on the Statement of Financial Position. To correct this error, management has restated the 2024 comparative financial statements. This restatement records the missing ROU operating lease assets and lease liabilities as of December 31, 2024, with no material impact on the change in net assets or the Statement of Activities for the prior period.

The effects of the restatement on the 2024 Statement of Financial Position line items are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Assets
December 31, 2024, as previously reported	$ 25,061,795	$ 14,150,919	$ 39,212,714
Right-of-Use Asset - Operating Leases, net accumulated depreciation	119,503	-	119,503
Current Operating Lease Liability	(27,163)	-	(27,163)
Non-Current Operating Lease Liability	(97,411)	-	(97,411)
Net Assets, Restated as of December 31, 2024	$ 25,056,724	$ 14,150,919	$ 39,207,643