THE CALIFORNIA WELLNESS FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The California Wellness Foundation

Opinion
We have audited the financial statements of The California Wellness Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and cash flows for the year 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 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 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.

Report on Summarized Comparative Information
We have previously audited the Foundation's December 31, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 25, 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.

Green Hasson & Janks LLP

August 25, 2026
Los Angeles, California

THE CALIFORNIA WELLNESS FOUNDATION

STATEMENT OF FINANCIAL POSITION
December 31, 2025
With Summarized Totals at December 31, 2024

	2025	2024
ASSETS		
Cash	$ 1,088,919	$ 706,763
Investment Sales Receivable	42,063,122	572,885
Interest and Dividends Receivable	1,449,997	1,308,078
Investments	1,036,166,875	1,023,080,162
Program Related Investments	17,098,898	14,099,708
Right-of-Use Assets	6,066,445	6,857,477
Other Assets	1,507,467	825,898
Property and Equipment (Net)	1,073,619	1,558,281
TOTAL ASSETS	$ 1,106,515,342	$ 1,049,009,252
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 1,819,747	$ 1,393,361
Investment Purchases Payable	42,155,401	649,565
Grants Payable	2,182,500	3,080,000
Lease Liabilities	7,736,062	8,625,664
Accrued Postretirement Healthcare Benefit Obligation	837,529	775,929
Deferred Excise Tax Liability	4,216,538	3,218,001
TOTAL LIABILITIES	58,947,777	17,742,520
NET ASSETS:		
Without Donor Restrictions	1,047,567,565	1,031,266,732
TOTAL LIABILITIES AND NET ASSETS	$ 1,106,515,342	$ 1,049,009,252

The Accompanying Notes are an Integral Part of These Financial Statements

THE CALIFORNIA WELLNESS FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025
With Summarized Totals for the Year Ended December 31, 2024

	2025	2024
REVENUE AND GAINS (LOSSES):		
Investment Return (Net)	$ 101,714,349	$ 75,430,599
OPERATING EXPENSES:		
Program Services	76,969,315	65,132,209
Management and General	6,548,003	5,693,528
Excise and Other Tax Expense (Net)	1,837,390	1,040,674
TOTAL OPERATING EXPENSES	85,354,708	71,866,411
Postretirement Benefit-Related Changes Other Than Net Periodic Pension Cost	58,808	(71,919)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	16,300,833	3,636,107
Net Assets Without Donor Restrictions - Beginning of Year	1,031,266,732	1,027,630,625
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 1,047,567,565	$ 1,031,266,732

The Accompanying Notes are an Integral Part of These Financial Statements

THE CALIFORNIA WELLNESS FOUNDATION

STATEMENT OF CASH FLOWS
Year Ended December 31, 2025
With Summarized Totals for the Year Ended December 31, 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets Without Donor Restrictions	$ 16,300,833	$ 3,636,107
Adjustments to Reconcile Change in Net Assets Without Donor Restrictions to Net Cash Used in Operating Activities:		
Net Realized and Unrealized Gains on Investments	(95,780,224)	(69,556,999)
Depreciation	551,168	642,070
Amortization of Right-of-Use Assets	791,032	777,479
Deferred Tax Expense	998,537	910,674
Change in Present Value Discount on Program Related Investments	1,186,802	1,225,630
Change in Accrued Postretirement Healthcare Benefit Obligation	61,600	(58,701)
Increase in:		
Other Assets	(681,569)	(12,853)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	426,386	250,355
Grants Payable	(897,500)	3,080,000
Lease Liabilities	(889,602)	(840,950)
NET CASH USED IN OPERATING ACTIVITIES	(77,932,537)	(59,947,188)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on Sale of Investments	533,880,650	264,581,982
Purchases of Investments	(451,171,540)	(201,669,137)
Interest and Dividends Receivable	(141,919)	523,927
Program Related Investments	(4,185,992)	(4,232,487)
Purchases of Property and Equipment	(66,506)	(98,884)
NET CASH PROVIDED BY INVESTING ACTIVITIES	78,314,693	59,105,401
NET INCREASE (DECREASE) IN CASH	382,156	(841,787)
Cash - Beginning of Year	706,763	1,548,550
CASH - END OF YEAR	$ 1,088,919	$ 706,763
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Excise Taxes	$ 777,000	$ 130,000

The Accompanying Notes are an Integral Part of These Financial Statements

NOTE 1 - ORGANIZATION

The California Wellness Foundation (the Foundation), a California nonprofit public benefit corporation, was created in September 1990 in anticipation of the conversion of Health Net (a California corporation) from nonprofit to for-profit status. The conversion of Health Net to a business corporation was finalized in February 1992, resulting in a contribution to the Foundation to further its purpose.

The Foundation's Mission
To protect and improve the health and wellness of the people of California by increasing access to health care, quality education, good jobs, healthy environments, and safe neighborhoods.

The Foundation:

- Uses its resources to advance its mission through grantmaking, investments, sharing learning and lifting its voice.
- Funds direct services that address the urgent needs people are facing in their communities, particularly the needs of low-income individuals, people of color, youth and residents of rural areas.
- Recognizes, encourages, and strengthens leaders to be powerful agents of change.
- Supports advocacy and civic engagement so that communities can build power and create public policies that reflect their vision, will and needs.
- Trusts and invests in nonprofit organizations so that they can operate at full capacity.
- Partners with community-led organizations, philanthropic organizations, businesses, government, and individuals who want to improve health and wellness for Californians.

Advancing Wellness Grants Program
In pursuit of the Foundation's mission, the Advancing Wellness grants program includes four grantmaking portfolios:

- Equity in Access
- Community Well-being
- Economic Security & Dignity
- Leading for Power & Change

The establishment of these portfolios is grounded in research on the social determinants of health, which states that where people live and work, their race or ethnicity, and their income can impact their health and wellness. The Foundation's desire is to help level the playing field so that everyone has access to good-paying jobs, safe neighborhoods, and quality health care services.

Building on its past, the Foundation remains committed to the Advancing Wellness Approach: responsive, statewide grantmaking; core operating support; funding of direct services, public policy and capacity building; and prioritizing the health of underserved populations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

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

(b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions**. Net assets available for use in general operations and not subject to donor-imposed restrictions.

- **Net Assets With Donor Restrictions**. Net assets subject to donor-imposed restrictions.

None of the Foundation's assets were subject to donor-imposed restrictions at December 31, 2025.

(c) 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 reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

(d) CASH

The Foundation maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk at December 31, 2025.

(e) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of such investments is valued at the closing price on the last business day of the fiscal year. Investments in hedge funds, private equity and common or commingled funds are valued using net asset value (NAV) per share of units held by the Foundation, as provided by the fund managers or general partners. Investments valued at NAV (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) INVESTMENTS (continued)

Investment sales and purchases are recorded on a trade-date basis, which may result in either an investment receivable or an investment payable on unsettled investment trades at the statement of financial position date. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the statement of activities and represent the change in the difference between the cost and fair value of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made according to the investment policies, guidelines, and objectives adopted by the Foundation's Board of Directors. These guidelines provide for investments in equities, fixed income, and alternatives with performance measured against appropriate indices. The investments are managed by Foundation staff and outside investment advisors contracted by the Foundation. The Investment Committee monitors performance and approves hiring and termination of all investment managers.

(f) PROGRAM RELATED INVESTMENTS

In accordance with Internal Revenue Code (IRC) Section 4944, the Foundation is permitted to make investments in furtherance of its charitable purpose. These investments are primarily comprised of loans and equity investments. Similar to grants, program related investments count toward the Foundation's payout requirement in the year of distribution.

Program related investments in the form of loans are anticipated to have lower-than-market returns on a risk-adjusted basis. Program-related investments in the form of below-market-rate loans which are expected to be paid beyond one year are discounted to their present value at the market interest rate. The present value discount net of amortization is recorded as additional grants expense. Interest income is recognized using the effective interest method over time. The loans have stated rates of 0%-2.5%, with effective rates of 7.00%-8.13% based on the credit risks of these organizations. The Foundation recognizes an allowance for credit losses based on the credit losses expected to arise over the life of the program-related loans to recipients. The Foundation reviews its allowance for credit losses on a regular basis for adequacy based on risk assessments and considering economic conditions and trends, and credit quality indicators, including past write-off experience and the level of past due loans. At December 31, 2025, the allowance was determined to be immaterial and is not included in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, as follows:

Leasehold Improvements	Shorter of useful life or lease term
Furniture and Equipment	3-7 Years

The Foundation generally capitalizes assets with an original cost greater than $5,000. Expenditures for repairs and maintenance are charged to operations when incurred while renewals and betterments are capitalized.

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. No impairment losses were recognized on long-lived assets during the year ended December 31, 2025.

(h) RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Foundation recognizes and measures its leases in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. The Foundation is a lessee in certain operating leases for facilities. The Foundation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Foundation recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized 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 a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Foundation uses the risk-free rate. The implicit rates of the Foundation's leases are not readily determinable and accordingly, the Foundation used the risk-free rate based on the information available at the commencement date for all leases.

The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., 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, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

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 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 short-term leases on a straight-line basis over the lease term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) GRANTS

Unconditional grants are recognized when approved by the Foundation's Board of Directors, President and CEO or VP of Programs. The actual payment of the grant may not necessarily occur in the year of authorization. Grants which are expected to be paid in future years are discounted at the appropriate rate commensurate with the risks involved and are recorded at the present value of future cash flows. The Foundation had $2,182,500 of grants payable at December 31, 2025.

Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. The Foundation had no conditional grants at December 31, 2025.

(j) FEDERAL EXCISE TAX AND UNRELATED BUSINESS INCOME TAX

The Foundation is exempt from income taxation under IRC Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). However, the Foundation is classified under IRC Section 509(a) as a private Foundation and, as such, for the year ended December 31, 2025, was subject to a 1.39% federal excise tax on net investment income. Deferred excise taxes arise from the net unrealized appreciation in the fair value of investments and have been calculated using the 1.39% excise tax rate at December 31, 2025.

The Foundation is subject to unrelated business income tax on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption, including certain pass-through investment activities, at regular corporation tax rates.

The excise and other tax benefit is comprised of the following at December 31, 2025:

Current Excise Tax Expense	$ 838,853
Deferred Excise Tax Expense	998,537
TOTAL EXCISE AND OTHER TAX EXPENSE	$ 1,837,390

In accordance with FASB's ASC Topic 740, *Uncertainty in Income Taxes*, the Foundation recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended December 31, 2025, the Foundation performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information. 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.

(l) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Foundation's programs and other activities are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and management and general services by a method that best measures the relative degree of benefit. The Foundation uses management's estimates to allocate indirect costs, which includes methodologies such as time spent, departmental headcount supported and office square footage utilized.

(m) SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2025 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through August 25, 2026, the date these financial statements were available to be issued. No material events or transactions were noted to have occurred.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation has implemented the fair value accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates, and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset and include situations where there is little, if any, market activity for the asset. At December 31, 2025, the Foundation does not have any investments in Level 3 of the fair value hierarchy.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table presents information about the Foundation's investments and program related investments that are measured at fair value on a recurring basis at December 31, 2025, and, where appropriate, indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
INVESTMENTS:				
Cash Equivalents	$ 23,007,563	$ 23,007,563	$ -	$ -
Equity Securities	278,852,391	278,828,816	23,575	-
Government and Corporate Obligations	92,795,743	92,795,743	-	-
TOTAL INVESTMENTS IN THE FAIR VALUE HIERARCHY	394,655,697	$ 394,632,122	$ 23,575	$ -
Investments Measured at NAV	641,511,178			
TOTAL INVESTMENTS AT FAIR VALUE	1,036,166,875			
PROGRAM RELATED INVESTMENTS:				
Program Related Investments Measured at NAV	3,839,504			
TOTAL ASSETS AT FAIR VALUE	$ 1,040,006,379			

Investments and program related investments that are measured at NAV (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. It is probable that these investments and program related investments will be sold at an amount different from their fair value at December 31, 2025.

The fair value of investments within Level 1 was obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The fair value of the investments within Level 2 categorized as government and corporate obligations were determined by discounting the related cash flows based on current yields of similar instruments with comparable durations and considering the credit-worthiness of the issuer. The fair value of the investments within Level 2 categorized as equity securities were determined by quoted prices in non-active markets or in active markets for similar assets or liabilities, inputs other than quoted prices that are observable, and inputs that are not directly observable, but are corroborated by external market data. The pricing vendors generally use the market approach because prices from market transactions for identical or comparable assets are available for use to value the investments.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following tables summarize the redemption frequency, notice period and unfunded commitments for the Foundation's investments and program related investments valued using NAV as practical expedient as of December 31, 2025:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge Funds	$ 81,014,574	N/A	Varies; Monthly, Quarterly, Triennial	30-90 Days
Private Equity	287,671,887	$ 119,137,944	N/A	N/A
Private Real Assets	51,658,165	22,557,150	N/A	N/A
Global Equities	221,166,552	N/A	Varies; Monthly, Quarterly	4 Day to 90 Days
TOTAL INVESTMENTS	$ 641,511,178	$ 141,695,094		
Program Related Investments:				
Private Equity	$ 3,839,504	$ 1,295,262	N/A	N/A
TOTAL	$ 645,350,682	$ 142,990,356		

Hedge Funds
This class includes investments in various hedge funds, including a hedge fund of funds. The funds include investments in U.S., global, and emerging market long/short equity strategies, debt strategies, activist strategies and structured investments, merger arbitrage and cash.

Private Equity
This class includes investments and program related investments in private equity limited partnerships and various funds of funds. The fund commitments are distributed across the U.S., Europe, Asia and emerging markets. Certain private equity investments are program related investments and the primary purpose is to accomplish one or more of the Foundation's exempt purposes.

Private Real Assets
This class includes investments in private real estate funds focused on debt and equity strategies in U.S. small and middle market entities as well as utility infrastructure.

Fixed Income
This class includes domestic and international fixed income instruments.

Global Equities
This class includes a global equity strategy fund and investments in developed market public equities held in a limited partnership structure.

NOTE 4 - PROGRAM RELATED INVESTMENTS

Program related investments consist of various below-market-rate loans and equity investments. The loans bear various interest rate between 0% to 2.5% per annum and loan principals are to be repaid at various dates through 2035. Management has reviewed the collectability of all program related investments in the form of below-market rate loans and has determined a discount was necessary at December 31, 2025.

At December 31, 2025, program-related investments are scheduled for collection as follows:

Years Ending December 31:	**Total**
2026	$ -
2027	2,054,809
2028	124,450
2029	4,000,000
2030	1,000,000
Thereafter	10,977,629
Total Loans	18,156,888
Less: Present Value Discount	(4,897,494)
Total Loans (Net)	13,259,394
Total Private Equity	3,839,504
TOTAL PROGRAM RELATED INVESTMENTS (NET)	$ 17,098,898

At December 31, 2025, total unfunded commitments for loans and private equity were:

Unfunded Loan Commitments	$ 2,546,371
Unfunded Private Equity Commitments	1,295,262
TOTAL UNFUNDED COMMITMENTS	$ 3,841,633

The Foundation has also committed $5,000,000 to a national pool of loan guarantees to support unrelated third parties which are tax exempt entities over a fifteen-year period ending December 2034. In the event of default by the unrelated third parties, the Foundation will share losses with other guarantors on a pro rata basis. The Foundation evaluated the need to record a contingent liability based on its share of the estimated total projected loss and concluded that the recording of a contingent liability was not required at December 31, 2025.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Leasehold Improvements	$ 4,813,500
Furniture and Equipment	1,384,346
TOTAL	6,197,846
Less: Accumulated Depreciation	(5,124,227)
PROPERTY AND EQUIPMENT (NET)	$ 1,073,619

Depreciation expense for the year ended December 31, 2025 was $551,168.

NOTE 6 - LEASES

The Foundation leases its office facilities under two operating leases which expire in 2027 and 2028, with one five-year renewal option, respectively. The Foundation has chosen to include the renewal terms in the calculation of the ROU assets and related lease liabilities when such renewal options are reasonably certain of being exercised. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, are not recorded on the statement of financial position and are recognized as lease expense on a straight-line basis over the lease term. At December 31, 2025, the Foundation recognized $6,066,445 of ROU assets and $7,736,062 of related lease liabilities for contracts that are classified as operating leases. Lease cost for the year ended December 31, 2025 was $918,462.

At December 31, 2025, the weighted average remaining lease terms of operating leases are approximately 7.09 years. The weighted average discount rate used to determine the lease liabilities at December 31, 2025 for the operating leases was approximately 1.57%.

Years Ending December 31:	
2026	$ 1,053,367
2027	1,089,543
2028	1,122,327
2029	1,155,992
2030	1,190,669
Thereafter	2,571,892
Total Lease Payments	8,183,790
Less: Imputed Interest	(447,728)
TOTAL LEASE LIABILITIES	$ 7,736,062

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSES

For the year ended December 31, 2025 the Foundation's natural expenses were categorized as follows. The comparative December 31, 2024 totals are presented for information purposes.

Expense Category	Program Services: Grant-making	Management and General	2025 Total	2024 Total
Grants	$ 64,660,091	$ -	$ 64,660,091	$ 53,591,369
Compensation and Benefits	8,703,782	3,921,003	12,624,785	11,114,518
Professional Services	1,542,229	1,108,107	2,650,336	2,381,410
Travel	500,648	265,714	766,362	796,360
Occupancy	1,310,162	1,001,022	2,311,184	2,443,606
Other Expenses	252,403	252,157	504,560	498,474
TOTAL	$ 76,969,315	$ 6,548,003	$ 83,517,318	$ 70,825,737

NOTE 8 - TAX-DEFERRED RETIREMENT PLAN

The Foundation sponsors a 401(k) plan for Foundation employees. Under the provisions of the plan, participating employees may make voluntary contributions through salary deductions up to the maximum amount allowed by law. The Foundation's practice is to contribute an amount equal to 12% of all eligible employee compensation and to match eligible employee contributions up to 4% of compensation. Foundation contributions and expenses related to the plan totaled $1,341,162 for the year ended December 31, 2025.

NOTE 9 - DEFERRED COMPENSATION PLAN

The Foundation maintains a 457(b) deferred compensation plan for certain employees. The employees contribute through payroll withholding into various mutual funds or annuity contracts with CUNA Mutual Group. While the assets are owned by the Foundation, they are held in trust accounts for the exclusive benefit of the employees. Such assets totaled $698,754 at December 31, 2025 and are included in other assets, offset by corresponding liabilities.

NOTE 10 - POSTRETIREMENT HEALTHCARE BENEFIT PLAN

The Foundation implemented a retiree medical plan effective January 1, 2009 designed to reimburse retirees who qualify in terms of age and years of service for a portion of their premium cost for securing Medigap (Supplemental Insurance) Plan coverage and Medicare Part D Plan coverage. The changes in the postretirement healthcare benefit obligation, plan assets and the amounts recognized in the financial statements are as follows:

Accrued Postretirement Benefit Obligation at January 1, 2025	$	775,929
Service Cost		22,374
Interest		41,830
Actuarial Loss		39,144
Employer Share of Periodic Benefit Payments		(41,748)
ACCRUED POSTRETIREMENT BENEFIT OBLIGATION AT DECEMBER 31, 2025	$	837,529

In accordance with the Foundation's policy, the postretirement healthcare benefit plan is not funded.

Change in Plan Assets:		
Employer Contributions	$	41,748
Participant Contributions		5,481
Periodic Benefit Payments		(47,229)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31, 2025	$	-

The funded status of the postretirement healthcare benefit plan is reconciled as follows at December 31, 2025:

Fair Value of Plan Assets at December 31, 2025	$	-
Actuarial Present Value of Benefit Obligation		837,529
ACCRUED POSTRETIREMENT BENEFIT OBLIGATION AT DECEMBER 31, 2025	$	837,529

NOTE 10 - POSTRETIREMENT HEALTHCARE BENEFIT PLAN (continued)

The total postretirement benefit-related changes included in the statement of activities for the year ended December 31, 2025 is comprised of the following:

Net Periodic Pension Cost:		
Service Cost	$	22,374
Interest		41,830
Amortization of Prior Service Cost		-
Amortization of Gain		(19,664)
NET PERIODIC PENSION COST	$	44,540
Postretirement Benefit-Related Changes Other Than Net Periodic Pension Cost:		
Actuarial Loss	$	39,144
Amortization of Prior Service Cost		-
Amortization of Loss		19,664
POSTRETIREMENT BENEFIT-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	$	58,808
TOTAL POSTRETIREMENT BENEFIT-RELATED CHANGES	$	103,348

The weighted average discount rate assumptions used for the postretirement healthcare benefit plan as of December 31, 2025, are as follows:

Discount Rate to Determine Present Value of Benefit Obligation	5.49 %
Discount Rate to Determine Net Periodic Pension Cost	5.5 %

To determine the accrued postretirement healthcare benefit obligation at December 31, 2025, a healthcare initial trend rate of 6.5% was used. As of December 31, 2026, this trend rate is assumed to decline gradually to 4.6% by the year 2036 and beyond.

The Foundation expects to contribute $34,194 to the postretirement healthcare benefit plan during the year ending December 31, 2026.

NOTE 10 - POSTRETIREMENT HEALTHCARE BENEFIT PLAN (continued)

The following benefit payments, which reflect expected future service, are expected to be paid as follows for the years ending December 31:

Years Ending December 31:	Benefit Payments
2026	$ 34,194
2027	38,413
2028	41,007
2029	43,030
2030	47,755
2031-2035	262,156

NOTE 11 - LINE OF CREDIT

The Foundation has a revolving line of credit with a bank providing for maximum borrowings of up to $25,000,000 that matures on October 31, 2026. The unsecured line bears interest at the prime-based rate defined as the greater of 1.35% or the prime rate minus 2% or, (at the option of the borrower), the greater of 1.35% or the daily simple SOFR plus 1.35%. There was no outstanding balance on the line of credit at December 31, 2025. The prime rate at December 31, 2025 was 6.75% and the SOFR rate was 3.87%.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Foundation at December 31, 2025 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at December 31, 2025:	
Cash	$ 1,088,919
Investment Sales Receivable	42,063,122
Interest and Dividends Receivable	1,449,997
Investments	1,036,166,875
TOTAL FINANCIAL ASSETS AT DECEMBER 31, 2025	1,080,768,913
Less Amounts Not Available to Be Used Within One Year:	
Illiquid Investments	(339,330,052)
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 741,438,861

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation also has a line of credit facility of $25,000,000 that it could draw upon in the event of unanticipated liquidity needs.