DEACONESS FOUNDATION

Consolidated Financial Statements Together with and Report of Independent Public Accountants

For the Year Ended December 31, 2025

DEACONESS FOUNDATION

Consolidated Financial Statements Together with
Report of Independent Public Accountants

DECEMBER 31, 2025

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Certified Public Accountants & Business Advisors

SBC

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Board of Trustees
Deaconess Foundation
St. Louis, Missouri

Opinion

We have audited the consolidated financial statements of Deaconess Foundation and its subsidiary (together, the Foundation), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2025, and the changes in their net assets and their 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 Consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 consolidated financial statements are issued.

SBC Certified Public Accountants & Business Advisors

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 controls. 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal controls 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 controls. 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 consolidated 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 controls-related matters that we identified during the audit.

Owings Mills, Maryland
July 8, 2026

SB & Company, LLC

DEACONESS FOUNDATION

Consolidated Statement of Financial Position
As of December 31, 2025

ASSETS		
Assets		
Cash and cash equivalents	$	671,321
Grants and other receivables		802,533
Loans receivable		500,000
Investments		48,764,941
Beneficial interest in trust		1,106,246
Beneficial interest in perpetual trusts		1,321,667
Managed physician retirement funds		162,718
Property, plant and equipment, net		4,399,695
Other assets		67,033
Total Assets	$	57,796,154
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$	160,462
Grants payable		360,001
Managed physician retirement liability		162,718
Total Liabilities		683,181
Net Assets		
Without donor restrictions		37,721,530
With donor restrictions		19,391,443
Total Net Assets		57,112,973
Total Liabilities and Net Assets	$	57,796,154

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

DEACONESS FOUNDATION

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenues, and Gains			
Donations	$ 1,564,304	$ 889,500	$ 2,453,804
Investment income, net	6,694,082	216,692	6,910,774
Change in value of beneficial interest in trusts	-	120,840	120,840
Change in value of beneficial interest in perpetual trusts	-	108,572	108,572
Net assets released from restrictions	1,978,857	(1,978,857)	-
Total Support, Revenues, and Gains	10,237,243	(643,253)	9,593,990
Expenses			
Philanthropic and advocacy services:			
Community investing	75,262	-	75,262
Equitable investing	3,676,852	-	3,676,852
Leadership/capacity building	488,560	-	488,560
Advocacy and civic engagement	288,338	-	288,338
Total Philanthropic and Advocacy Services	4,529,012	-	4,529,012
Supporting Services			
Management and general operational	1,202,458	-	1,202,458
Total Supporting Services	1,202,458	-	1,202,458
Total Expenses	5,731,470	-	5,731,470
Changes in Net Assets	4,505,773	(643,253)	3,862,520
Net Assets - Beginning of Year	33,215,757	20,034,696	53,250,453
Net Assets - End of Year	$ 37,721,530	$ 19,391,443	$ 57,112,973

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

DEACONESS FOUNDATION

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2025

	Philanthropic and Advocacy Services					Supporting Services	
	Community Investing	Equitable Investing	Leadership / Capacity Building	Advocacy and Civic Engagement	Total Programs	Management and General Operations Expenses	Total
Expenses							
Initiatives:							
Church related grants	$ 15,000	$ -	$ -	$ -	$ 15,000	$ -	$ 15,000
Policy campaigns/collaborative grants	25,000	-	-	-	25,000	-	25,000
Nursing scholarship program	-	208,931	-	-	208,931	-	208,931
Seeding the Future grants	-	302,000	-	-	302,000	-	302,000
Youth led participatory/grantmaking	-	120,000	-	-	120,000	-	120,000
Grant funded initiatives	-	1,254,697	-	-	1,254,697	-	1,254,697
Miscellaneous grants	-	211,397	248,006	-	459,403	-	459,403
Racial Healing Fund	-	131,623	-	-	131,623	-	131,623
Senior services fund	-	689,185	-	-	689,185	-	689,185
Grant enhancement support	-	3,134	186,157	-	189,291	-	189,291
Community development	-	-	4,013	-	4,013	-	4,013
CDF freedom schools	-	-	-	125,000	125,000	-	125,000
Policy development and advocacy	-	-	-	102,980	102,980	-	102,980
Philanthropic infrastructure support	19,466	-	-	-	19,466	-	19,466
Total	59,466	2,920,967	438,176	227,980	3,646,589	-	3,646,589
Personnel	11,329	542,133	36,135	43,290	632,887	665,736	1,298,623
Facility management	-	-	-	-	-	109,426	109,426
Professional services	2,166	103,635	6,908	8,275	120,984	120,985	241,969
Public relations	99	4,750	317	379	5,545	5,544	11,089
Office operations	722	34,575	2,305	2,761	40,363	40,363	80,726
Travel and meetings	814	38,943	2,596	3,110	45,463	45,461	90,924
Governance	206	9,835	656	785	11,482	11,481	22,963
Insurance and annuity payments	460	22,014	1,467	1,758	25,699	26,349	52,048
Depreciation	-	-	-	-	-	177,113	177,113
Total Expenses	$ 75,262	$ 3,676,852	$ 488,560	$ 288,338	$ 4,529,012	$ 1,202,458	$ 5,731,470

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

DEACONESS FOUNDATION

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2025

Cash Flows From Operating Activities	
Changes in net assets	$ 3,862,520
Adjustments to reconcile changes in net assets to net cash flows from operating activities:	
Depreciation	177,113
Change in value of beneficial interest in trust	(120,840)
Change in value of beneficial interest in perpetual trusts	(108,572)
Net realized and unrealized gains on investments	(6,910,774)
Changes in non-cash operating assets and liabilities	
Grants and other receivables	(468,649)
Other assets	21,325
Accounts payable and accrued expenses	613
Grants payable	(54,999)
Net Cash Flows From Operating Activities	(3,602,263)
Cash Flows From Investing Activities	
Purchases of investments	(18,507,558)
Proceeds from sales of investments	22,886,752
Issuance of loans	(500,000)
Purchases of property and equipment	(63,039)
Net Cash Flows From Investing Activities	3,816,155
Net Change in Cash and Cash Equivalents	213,892
Cash and Cash Equivalents - Beginning of Year	457,429
Cash and Cash Equivalents - End of Year	$ 671,321

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

1. BACKGROUND OF THE ORGANIZATION

Deaconess Foundation was established for the purpose of supporting the health care and health education ministry of the Missouri Mid-South Conference and Illinois South Conference of the United Church of Christ. Its mission is: "In the spirit of our faith heritage, the mission of Deaconess Foundation is the improved health of the metropolitan St. Louis community and its people." Deaconess Foundation's Board of Trustees is composed of fifteen church and community representatives.

In 2017, Deaconess Foundation established a single purpose not-for-profit entity, Deaconess Center For Child Well-Being (the Center), to facilitate New Markets Tax Credit (NMTC) transactions. As a community action tank, the Center's sole purpose is to provide financial and operational support of the Deaconess Foundation's offices and community convening space to further its mission to build power to advance child well-being in the St. Louis region. The NMTC period ended in August 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements consist of the accounts of Deaconess Foundation and the Center (collectively, the Foundation). Significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements of the Foundation have been prepared on the accrual basis for accounting and in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue, support and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. Cash equivalents consisted of money market funds as of December 31, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Foundation's purchased investments are carried at fair value. Contributed securities are stated at their fair value on the date of receipt using a Level 1, 2 or 3 fair value approach depending on the type of contributed security. It is the policy of the Foundation to sell all contributed securities as soon as they are received. Gains and losses on sales of investments are generally determined on a specific cost identification basis. The Foundation is provided with estimates regarding fair value measures for these investments by its investment managers, who have derived these values from available information from actively traded markets. This information has been used by the Foundation in preparing the consolidated financial statements. Investment income, net of expenses is reported in the consolidated statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains, less investment management and custodial fees.

Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under accounting principles generally accepted in the United States of America are described below:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

The carrying amount of accounts receivable, grants and loans receivable, accounts payable and the grant payable approximate their fair value due to the short-term nature of such instruments.

Grants and Other Receivables

The Foundation receives grants from various entities and records amounts due as a receivable when earned. Estimated losses are based on historical collection experience and the review of the current status of existing receivables. Management believes all grants receivable as of December 31, 2025, Add were collectible and a reserve for estimated losses was not recorded. The contributions due in greater than one year as of December 31, 2025 are discounted using the risk free rate.

	Amount
Due within 1 year	$ 225,166
Due in greater than 1 year	600,000
Less: discount on grants receivable	22,633
Total fair value of grants receivable	$ 802,533

Loans Receivable

The Foundation has entered info two loans receivable to meet the Foundation's covenant commitment in the community. The covenant commitments are loans receivable totaling $500,000, as of December 31, 2025 with repayment terms up to five years with 3% per annum interest paid in quarterly installments to the Foundation through December 31, 2030. The principal sum is due to the Foundation at the maturity date with the latest commitment expiring on December 31, 2030. The loans are recorded at its estimated net realizable value.

Property, Plant, and Equipment, Net

Property and equipment is valued at historical or estimated cost, less accumulated depreciation. Donated assets are recorded at fair market value when received. Depreciation is computed using the straight-line method. Property and equipment is depreciated over estimated useful lives ranging from 5 to 39 years. Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for improvements and major rehabilitations in excess of $1,000 that extend the useful life of an asset are capitalized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Trustees (Board). From time to time, the Board designates a portion of net asset for specified purposes which make them unavailable for use at management's discretion. As of December 31, 2025, the Board designated $201,000, for the Institute for Black Liberation Fund.

Net assets with donor restrictions - Net assets that are subject to donor and grantor-imposed restrictions. Some donor restrictions are temporary in nature and those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions will never lapse, thus requiring that the funds be retained permanently.

Revenue Recognition

Unconditional donations are recognized when the donor makes a promise to give to the Foundation. Donations restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the donations are recognized. All other donor-restricted donations are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional Expense Allocation

The costs of providing the various programs of the Foundation have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The following expenses have been charged to program services and management and general expenses on the basis of estimated time and effort: personnel and professional services, public relations, office operations, travel and meetings, governance, insurance, and memberships. The Foundation's other expenses are charged directly as program services and general and administrative expenses based on the nature of the expense.

Income Taxes

The Deaconess Foundation qualifies as not-for-profit religious organizations under Internal Revenue Code (the Code) Section 501(c)(3) and the Center as a non-private foundation under Section 509(a)(3) of the Code and, therefore, are exempt from federal, state, and local income taxes on related, exempt income. However, the Foundation is subject to unrelated business income taxes on its unrelated business income activity (primarily advertising income). The Foundation did not have any unrelated business income for the year ended December 31, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Foundation performed an evaluation of uncertain tax positions as of December 31, 2025, and determined that there were no matters that would require recognition in the accompanying consolidated financial statements or which may have any effect on its tax-exempt status.

As of December 31, 2025, the statute of limitations for fiscal years 2022 through 2025 remains open with the U.S. federal jurisdiction and the various states and local jurisdictions in which the Foundation files tax returns. It is the Foundation's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Liquidity and Availability of Resources

Financial assets available for grants and operating expenses within one year of the consolidated statement of financial position date as of December 31, 2025 was as follows:

Cash and cash equivalents	$ 671,321
Grants and other receivables	802,533
Beneficial interest in trusts	2,427,913
Investments	48,764,941
Total financial assets at year end	52,666,708
Less amounts not available within one year:	
Grants due in greater than one year	577,367
Restricted net assets	19,391,443
Total available financial assets	$ 32,697,898

The Foundation manages its investments so that assets are available as needed for payment of awarded grants, general expenditures, liabilities, and other obligations as they become due.

Subsequent Events

The Foundation's management has evaluated the accompanying consolidated financial statements for subsequent events and transactions through July 8, 2026, the date these consolidated financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying consolidated financial statements or require additional disclosure.

3. INVESTMENTS

The following is a description of the valuation methodology used for investments measured at fair value.

Money market/common stocks/commodities futures contracts: Valued at the quoted closing price reported on the active markets on which the funds are traded.

Closely held common stock: Valued based on financial information obtained from the closely held organization.

Fixed income: Valued primarily on available quoted prices for similar assets in active or inactive markets.

Hedge funds/private equity: Investments in each underlying fund are valued at fair value through analysis of vendor provided pricing methodologies and discussions with vendors by investment manager.

Limited partnerships: The fair value of the partnership is determined using the fair value at cost or through utilization of stale prices, will be classified based upon the investment manager's determination of the nature of inputs utilized and their ability to be observed to arrive at the fair value price.

Beneficial interests: The fair value is based on the market value of underlying assets which are based on the active trading prices. Foundation has no controls over or possession of the investments held in the beneficial interest in the perpetual trust or the beneficial interest in the trust.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in methodology used as of December 31, 2025.

3. INVESTMENTS (continued)

Investments are carried at fair value and consisted of the following as of December 31, 2025:

Money market	**$ 2,437,525**
Common stock	**30,652,870**
Fixed income	**10,756,564**
Limited partnerships	**1,109,682**
Hedge funds	**2,534,208**
Commodities	**1,274,092**
Total investments at market value	**48,764,941**
Total investments at cost	**38,945,808**
Cumulative unrealized gain on investments	**$ 9,819,133**

Investment income is comprised of the following for the year ended December 31, 2025:

Interest and dividend income	**$ 1,004,595**
Net realized gain on sales of investments	**4,040,070**
Unrealized gain on investments	**2,026,894**
Investment fees	**(160,785)**
Total investment income, net of expenses	**$ 6,910,774**

The Foundation’s investments are exposed to various risks, such as interest rate, market, and credit risks. Due to current economic conditions, it is at least reasonably possible changes in the value of the Foundation’s investments will occur in the near term and those changes could materially affect the amounts reported in the Foundation’s consolidated financial statements.

3. INVESTMENTS (continued)

Fair value of assets measured on a recurring basis as of December 31, 2025:

December 31, 2025	Fair Value	Active Market Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common stocks:				
Financial services	$ 4,286,732	$ 4,286,732	$ -	$ -
Consumer	2,882,084	2,882,084	-	-
Technology	5,777,499	5,777,499	-	-
Health care	1,984,871	1,984,871	-	-
Energy	357,004	357,004	-	-
Communications	1,459,029	1,459,029	-	-
Materials	777,371	777,371	-	-
Industrial	3,499,246	3,499,246	-	-
Other	8,729,034	8,729,034	-	-
Closely held common stock	900,000	-	-	900,000
Total common stocks	30,652,870	29,752,870	-	900,000
Fixed income	10,756,564	-	10,756,564	-
Commodities	1,274,092	1,274,092	-	-
Hedge	2,534,208	-	-	2,534,208
Private equity	1,109,682	-	-	1,109,682
Money Market	2,437,525	2,437,525	-	-
Beneficial interest in trusts	1,106,246	-	-	1,106,246
Beneficial interest in perpetual trusts	1,321,667	-	-	1,321,667
Total at Fair Value	**$ 51,192,854**	**$ 33,464,487**	**$ 10,756,564**	**$ 6,971,803**

The values of the underlying assets within the Foundation's beneficial interests in trusts are determined by the benefactors' investment managers, who have derived these values from available information in actively traded markets. However, the Foundation does not have access to any existing markets in which its beneficial interest could be bought or sold. As a result, management has classified its interests in beneficial trusts as Level 3 (subject to unobservable inputs) for purposes of fair value disclosure requirements. Fair value for Level 3 investments is determined using inputs which are unobservable and significant to the fair value measurements.

The fair value of Level 3 investments increased $429,003, in 2025, due to the change in value in the year. There were transfers between levels during the year ended December 31, 2025 of $900,000 from level 2 to level 3 and $3,444,299 from investment reported at NAV to level 3.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the following purposes as of December 31, 2025, consisted of the following:

With Donor Restrictions - Spendable		
Ballman Family Trust	$	**9,391,268**
Scholarships		**6,070,784**
Redeemer scholarship		**56,169**
Beneficial interest in trust		**1,106,246**
Child Rehabilitation Center		**46,994**
Lead Black Initiative		**288,748**
Narrative Engine Project		**171,105**
Midwest Catalyzing Community Fund		**316,628**
Values Collective		**26,866**
		17,474,808
With Donor Restrictions - Unspendable		
Beneficial interest in perpetual trusts		**1,321,667**
Community programs		**594,968**
	$	**19,391,443**

5. ENDOWMENT

The Foundation's endowment consists of two individual donor-restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment balances are included in investments in the consolidated statement of financial position.

The Board of Trustees of the Foundation has interpreted the State of Missouri enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as unspendable net assets with donor restrictions (a) the original value of the gifts donated to the unspendable endowment, and (b) the original value of subsequent gifts to the unspendable endowment. The remaining portion of the donor-restricted endowment that is not classified in unspendable net assets with donor restrictions is classified as spendable net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

5. ENDOWMENT (continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;

(2) The purposes of the Foundation and the donor-restricted endowment fund;

(3) General economic conditions;

(4) The possible effect of inflation and deflation;

(5) The expected total return from income and the appreciation of investments;

(6) Other resources of the Foundation; and

(7) The investment policies of the Foundation.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending policies include annual cash distributions of a minimum of 5% of the average annual market value of assets to be used for program expenses in alignment with the Foundation's strategic direction and an annual cash distribution target of 2.0% of the annual market value of assets to be used for general operations of the Foundation. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation has outsourced the management and investment of its portfolio to an Outsourced Chief Investment Officer, defined as an independent third party that provides full discretionary investment management services, while adhering to a defined Trust Fiduciary Standard. The Foundation relies on a total return strategy in which investment returns are achieved both through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve a rate of return greater than inflation as represented by the Consumer Price Index plus 5%.

The Foundation has a policy for distribution of spendable assets for program related expenses each year based on the average annual market value of assets over the prior 28 quarters through the calendar year preceding the year in which the program expenses are incurred. In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment assets. The Foundation does not spend from underwater endowments.

5. ENDOWMENT (continued)

The changes in endowment assets for the year ended December 31, 2025 were as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Spendable	Unspendable	Total
Endowment assets, January 1, 2025	$ -	$ -	$ 1,701,214	$ 1,701,214
Net appreciation	-	-	229,412	229,412
Dividends in	-	30,875	-	30,875
Dividends out	-	(30,875)	-	(30,875)
Endowment assets, December 31, 2025	$ -	$ -	$ 1,930,626	$ 1,930,626

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount which the donor originally contributed to the Foundation to retain as a fund of perpetual duration. There were no underwater endowment funds as of December 31, 2025.

6. BENEFICIAL INTEREST IN TRUST

In 2022, the Foundation was notified that it is a beneficiary of a trust. Upon the death of the annuitant of the trust, the Foundation will receive 20% of 50% of the remaining balance of the trust. The value is determined using the Foundation’s interest percentage times the fair market value at year end. As of December 31, 2025, the Foundation’s share of the trust was recorded at an estimated fair value of $1,106,246, and was included in net assets with donor restrictions.

7. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Beneficial interest in perpetual trusts consists of unconditional promises to give from perpetual trusts created by independent donors, which are not in the possession or control of the Foundation and are held and administered by independent bank trustees. The Foundation, along with other specified not-for-profit organizations, is the beneficiary of these trusts. The principal of each trust is not available to the Foundation. The Foundation has recorded promises to give equal to the Foundation’s estimated share of the current fair value of the trusts. For the year ended December 31, 2025, the Foundation’s share of the change in fair value of the trusts was $108,572.

As of December 31, 2025, the Foundation’s share of the trusts were recorded at estimated fair value of $1,321,667, and was included in net assets with donor restrictions in perpetuity.

8. PROPERTY, PLANT, AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2025:

	Amount	Useful Life
Land	$ 297,808	N/A
Building and building improvement	4,024,107	39 years
Office furnishings and equipment	730,961	5-10 years
Property and equipment	5,052,876	
Accumulated depreciation	(653,181)	
Property and Equipment, Net	**$ 4,399,695**	

Depreciation expense was $177,113, for the year ended December 31, 2025.

9. MANAGED PHYSICIAN RETIREMENT LIABILITY

In conjunction with the 1997 sale of assets of Deaconess Incarnate Word Health System, the funds held under certain physician retirement agreements that were transferred to the Foundation. The funds remaining relate to physician retirement agreements for the Deaconess Central Hospital held for three of its employees under Section 457 of the Internal Revenue Code. These agreements are funded with annuity policies from various insurers having an aggregate market value of $162,718, as of December 31, 2025. This amount is shown in the consolidated statement of financial position as both an asset and a liability of the Foundation.

10. RETIREMENT PLAN

The Foundation maintains a 403(b) retirement plan, which covers all eligible employees. The Foundation contributes an amount equal to 5% of eligible employee salaries, which totaled $46,736 , during the year ended December 31, 2025.