SIERRA HEALTH FOUNDATION

COMBINED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S
REPORT

YEARS ENDED
DECEMBER 31, 2025 AND 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sierra Health Foundation
Sacramento, California

Opinion

We have audited the accompanying combined financial statements of Sierra Health Foundation and Sierra Health Foundation: Center for Health Program Management (collectively, the Foundation) which comprise the combined statements of financial position as of December 31, 2025 and 2024, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Combined Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the combined 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

2880 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833
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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 judgment made by a reasonable user based on the combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 combined 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

June 29, 2026

SIERRA HEALTH FOUNDATION

COMBINED STATEMENTS OF FINANCIAL POSITION
(in thousands)
DECEMBER 31, 2025 AND 2024

	2025			2024		
	SHF	Center	Total	SHF	Center	Total
ASSETS:						
Cash and cash equivalents		$ 84,732	$ 84,732		$ 140,092	$ 140,092
Investments:						
Marketable securities	$ 40,955	7,430	48,385	$ 39,191	1,806	40,997
Certificates of deposit		692	692		664	664
Real estate investments				2,279		2,279
Investments in limited partnerships	14,113		14,113	13,859		13,859
Investments held by SHF for the Center	(2,365)	2,365		(6,084)	6,084	
Total cash and cash equivalents and investments	52,703	95,219	147,922	49,245	148,646	197,891
Grants receivable		10,105	10,105		16,788	16,788
Loans receivable		1,554	1,554		1,800	1,800
Prepaid expenses and other assets	172	1,562	1,734	73	461	534
Advance contract payments		58,362	58,362		30,490	30,490
Property and equipment, net	5,717	1,203	6,920	5,082	1,356	6,438
Operating lease, right-of-use assets		916	916		1,341	1,341
Due (to) from	(2,859)	2,859		(1,453)	1,453	
TOTAL ASSETS	$ 55,733	$ 171,780	$ 227,513	$ 52,947	$ 202,335	$ 255,282
LIABILITIES AND NET ASSETS:						
LIABILITIES:						
Accounts payable and accrued expenses	$ 1,763	$ 6,281	$ 8,044	$ 1,051	$ 4,833	$ 5,884
Grants payable, net	25	3,421	3,446	150	5,839	5,989
Unearned revenue		58,141	58,141		29,794	29,794
Refundable advances		71,028	71,028		125,350	125,350
Debt	4,225	3,000	7,225	4,880	3,000	7,880
Operating lease liabilities		1,000	1,000		1,458	1,458
Total liabilities	6,013	142,871	148,884	6,081	170,274	176,355
NET ASSETS:						
Without donor restrictions	49,720	14,417	64,137	46,866	16,018	62,884
With donor restrictions		14,492	14,492		16,043	16,043
Total net assets	49,720	28,909	78,629	46,866	32,061	78,927
TOTAL LIABILITIES AND NET ASSETS	$ 55,733	$ 171,780	$ 227,513	$ 52,947	$ 202,335	$ 255,282

The accompanying notes are an integral part of these combined financial statements.

SIERRA HEALTH FOUNDATION

COMBINED STATEMENTS OF ACTIVITIES
(in thousands)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025				2024			
	SHF	Center			SHF	Center		
	Without donor restrictions	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	Without donor restrictions	With donor restrictions	Total
REVENUES:								
Grant, program and other income		$ 175,836	$ 10,612	$ 186,448		$ 182,726	$ 8,807	$ 191,533
Investment income:								
Net gains, losses, and valuation adjustments	$ 5,628	234		5,862	$ 3,094	592		3,686
Interest, dividends, net rental and other income	982	4,851		5,833	554	6,599		7,153
Less:								
Investment management expenses	163	21		184	162	34		196
Provision for excise tax	288			288	26			26
Net investment income	6,159	5,064		11,223	3,460	7,157		10,617
Net assets released from restrictions		12,163	(12,163)			21,103	(21,103)	
Intercompany revenue (expense)	635	(635)			2,143	(2,143)		
Total revenues	6,794	192,428	(1,551)	197,671	5,603	208,843	(12,296)	202,150
EXPENSES:								
Program services:								
Opioid use prevention		60,875		60,875		52,222		52,222
Healthy youth development		56,723		56,723		71,815		71,815
Health, equity, and access		46,859		46,859		48,336		48,336
Other programs	2,528	22,562		25,090	1,712	20,847		22,559
Total program services	2,528	187,019		189,547	1,712	193,220		194,932
Management and general	1,412	7,010		8,422	1,916	8,114		10,030
Total expenses	3,940	194,029		197,969	3,628	201,334		204,962
INCREASE (DECREASE) IN NET ASSETS	2,854	(1,601)	(1,551)	(298)	1,975	7,509	(12,296)	(2,812)
NET ASSETS, Beginning of year	46,866	16,018	16,043	78,927	44,891	8,509	28,339	81,739
NET ASSETS, End of year	$ 49,720	$ 14,417	$ 14,492	$ 78,629	$ 46,866	$ 16,018	$ 16,043	$ 78,927

The accompanying notes are an integral part of these combined financial statements.

SIERRA HEALTH FOUNDATION

COMBINED STATEMENT OF CASH FLOWS
(in thousands)
YEAR ENDED DECEMBER 31, 2025

	SHF	Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Increase (decrease) in net assets	$ 2,854	$ (3,152)	$ (298)
Reconciliation to net cash used by operating activities:			
Net gains, losses, and valuation adjustments	(5,862)		(5,862)
Interest, dividends, and other income	(1,042)	(253)	(1,295)
Depreciation	421	153	574
Reduction in operating lease, right-of-use assets		425	425
Changes in:			
Grants receivable		6,683	6,683
Prepaid expenses and other assets	(99)	(1,101)	(1,200)
Advance contract payments		(27,872)	(27,872)
Accounts payable and accrued expenses	712	1,448	2,160
Grants payable, net	(125)	(2,418)	(2,543)
Unearned revenue		28,347	28,347
Refundable advances		(54,322)	(54,322)
Operating lease liabilities		(458)	(458)
Due to/due from	1,406	(1,406)	
Net cash used by operating activities	(1,735)	(53,926)	(55,661)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(1,056)		(1,056)
Principal receipts on loans receivable		246	246
Purchases of investments	(29,943)		(29,943)
Proceeds from sales of investments	33,552	(1,659)	31,893
Payment of investment management expenses	(163)	(21)	(184)
Net cash provided (used) by investing activities	2,390	(1,434)	956
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of debt	(655)		(655)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(55,360)	(55,360)
CASH AND CASH EQUIVALENTS, Beginning of year		140,092	140,092
CASH AND CASH EQUIVALENTS, End of year	$	$ 84,732	$ 84,732
SUPPLEMENTAL DATA:			
Cash paid for interest	$ 211	$ 44	$ 255

The accompanying notes are an integral part of these combined financial statements.

SIERRA HEALTH FOUNDATION

COMBINED STATEMENT OF CASH FLOWS
(in thousands)
YEAR ENDED DECEMBER 31, 2024

	SHF	Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Increase (decrease) in net assets	$ 1,975	$ (4,787)	$ (2,812)
Reconciliation to net cash provided (used) by operating activities:			
Net gains, losses, and valuation adjustments	(3,686)		(3,686)
Interest, dividends and other income	(648)	(112)	(760)
Depreciation	418	152	570
Loss on disposal of property and equipment		303	303
Reduction in operating lease, right-of-use lease		1,002	1,002
Changes in:			
Grants receivable		11,029	11,029
Prepaid expenses and other assets	(45)	375	330
Advance contract payments		(19,807)	(19,807)
Accounts payable and accrued expenses	191	(5,712)	(5,521)
Grants payable, net	(101)	(10,917)	(11,018)
Unearned revenue		19,110	19,110
Refundable advances		27,054	27,054
Operating lease liabilities		(983)	(983)
Due to/due from	1,048	(1,048)	
Net cash provided (used) by operating activities	(848)	15,659	14,811
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(9)	(47)	(56)
Purchases of investments	(68,026)		(68,026)
Proceeds from sales of investments	68,232	1,879	70,111
Payments made for investment management expenses	(162)	(34)	(196)
Net cash provided by investing activities	35	1,798	1,833
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of debt	(249)		(249)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,062)	17,457	16,395
CASH AND CASH EQUIVALENTS, Beginning of year	1,062	122,635	123,697
CASH AND CASH EQUIVALENTS, End of year	$	$ 140,092	$ 140,092
SUPPLEMENTAL DATA:			
Cash paid for interest	$ 230	$ 44	$ 274

The accompanying notes are an integral part of these combined financial statements.

1. ORGANIZATION AND PROGRAMS

Sierra Health Foundation (SHF) is a nonprofit corporation with a mission to invest in and serve as a catalyst for ideas, partnerships and programs that improve health and quality of life in Northern California. SHF is committed to improving health outcomes and reducing health disparities in the region through convening, educating and strategic grant making. Since SHF began grant funding in 1985, it has awarded $116 million in cash grants to 1,632 nonprofit organizations. The funding region includes 26 counties in the northeast part of the state.

SHF Properties is a wholly-owned subsidiary and nonprofit corporation. It was formed to hold title to property and collect and remit income to SHF.

Sierra Health Foundation: Center for Health Program Management (Center) is a nonprofit corporation created in 2012 by SHF to provide leadership, funding and operational support for projects that improve individual and community health status and well-being in underserved communities. It is designed to expand health and wellness in a leadership role by securing resources from multiple funding sources targeting the health needs of the region and state. Since its creation, the Center has awarded $621 million in cash grants to 2,589 nonprofit organizations. The Center funds organizations throughout California. The Center is controlled by the governing Board of Directors of SHF.

Community Economic Mobility Impact Investment Fund, LLC (the Investment Fund) is a single member limited liability company created in 2018 and is a wholly-owned subsidiary of the Center. The Investment Fund began operations in 2019. The purpose of the Investment Fund is to make the San Joaquin Valley a healthier place to live, work, and prosper by strengthening the capacity of communities' health. The Investment Fund's charitable purpose is to bring people, ideas, and infrastructure together to create a collective impact that reduces health disparities and improves community health for underserved populations in California. The Investment Fund is controlled by the governing Board of Directors of the Center. Prior to changing its name in 2025, the Investment Fund operated under its previous name, San Joaquin Valley Impact Investment Fund, LLC.

In 2020, the board approved the creation of Sierra Health Foundation Community Development Corporation (CDC). Its purpose is to develop housing solutions to improve the physical, economic and social environment of the Sacramento, California and Central Valley region (Region) with particular attention to the needs of persons of low and moderate income; to combat community deterioration, lessen the burdens of government and relieve the underserved communities by assisting the City of Sacramento, California and the State of California in revitalizing neighborhoods. There was no activity for the years ended December 31, 2025 and 2024.

SHF, SHF Properties, the Center, and the Investment Fund's (collectively, the Foundation) programs include the following:

Opioid Use Prevention

The Opioid Use Prevention program supports statewide efforts to prevent opioid- and stimulant-related harms and improve access to prevention, education, treatment, and recovery services. Activities include administering public and private funding, providing technical assistance to community-based organizations, supporting culturally responsive outreach and education, and strengthening coordinated systems of care for communities disproportionately impacted by substance use disorders.

Healthy Youth Development

The Healthy Youth Development program invests in youth- and community-driven initiatives that promote health, well-being, and long-term outcomes for young people, particularly youth of color. Program activities include grantmaking, leadership development, policy and systems change initiatives, and cross-sector partnerships that center youth voice and community capacity building.

Health, Equity, and Access

The Health, Equity, and Access program advances equitable access to culturally responsive health care and preventive services. Activities include administering public-sector contracts and grants, supporting community health outreach and navigation efforts, and partnering with government agencies and community organizations to address structural barriers to care.

Other Programs

Other programs include mission-aligned initiatives that support community resilience, economic stability, and systems change, including community and economic development, disaster response, capacity-building efforts, and targeted grantmaking addressing emerging community needs.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of combination – The accompanying financial statements reflect the combination of SHF, SHF Properties, the Center, and the Investment Fund (collectively, the Foundation).

Basis of accounting and financial statement presentation – The combined financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

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 organization. These net assets may be used at the discretion of management. Designated net assets without donor restrictions are earmarked by the Board of Directors for a specified purpose.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires (generally, as payments are made to fulfill the purposes of the contribution), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions. The Foundation has no net assets that are perpetual in nature.

Revenue recognition – Contributions are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes.

Restricted contributions that are initially classified as conditional due to a qualifying expense barrier are recognized as net assets without donor restrictions since the restriction is met simultaneously when the condition is released and the revenue is recognized.

The Foundation receives certain government grants which limit spending to qualifying expenditures as defined in the grant agreements. Outstanding conditional promises to give subject to qualifying expenditure requirements were $415,042,237 and $424,698,751 as of December 31, 2025 and 2024, respectively, and will be recognized as revenue as the conditions are met. Conditional promises to give for which payments are received in advance of being earned are initially recorded as refundable advances. The portion of refundable advances that has been advanced to grantees is reported as unearned revenue.

Cash and cash equivalents – For financial statement purposes, the Foundation considers all investments with an initial maturity of three months or less to be cash equivalents, unless held for long-term investing purposes. See Note 4.

Investments – Marketable securities are stated at market, determined using either recognized and quoted exchange rates on the last day of the fiscal year or Net Asset Value (NAV) as a practical expedient. Investments in real estate include land obtained as part of foreclosure, which is stated at fair value based on professional standards. Limited partnership investments are stated at NAV.

Real estate investments consisted of one property held for investment. On March 17, 2023, the Foundation executed an agreement of purchase and sale and joint escrow instructions (the Agreement) to sell its Carmichael Ranch Property for $2,500,000. The carrying value of the property of $2,279,164 is included in real estate investments as of December 31, 2024. The Agreement was amended effective August 12, 2024, and the sale closed on December 5, 2025 resulting in a gain of $59,717 recognized in 2025. There were no other real estate investment income or rental property expenses in 2025 and 2024.

Certificates of deposit totaling $692,249 and $663,862 as of December 31, 2025 and 2024, respectively, are stated at cost and have maturity dates through June 2026. The certificates bear interest of 4.0% and 4.4% as of December 31, 2025 and 2024, respectively.

Credit risk – The Foundation minimizes credit risk associated with cash and certificates of deposit by periodically evaluating the credit quality of its primary financial institutions. The balances at times may exceed federally insured limits or those set by the National Credit Union Administration. The Foundation held with financial institutions cash and certificates of deposit balances in excess of insured limits of $1,427,172 and $932,986 as of December 31, 2025 and 2024, respectively. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk related to cash or certificates of deposit.

Grants receivable of $8,504,076 and $16,687,815 as of December 31, 2025 and 2024, respectively are expected to be collected in less than 1 year. The remaining balances are scheduled to be received within 1 to 5 years.

Loans receivable are stated at the amount that management expects to collect.

Advance contract payments are accrued at the time grant negotiations are substantially complete and payment has been approved by the Board of Directors or CEO (when permitted) for grants that are considered conditional contributions. Recognition of grant expense occurs when the related conditions are satisfied by the grantee.

Grants awarded – The Foundation recognizes grant expense at the time grant negotiations are substantially complete and payment has been approved by the Board of Directors or CEO (when permitted).

Property and equipment are stated at cost. The Foundation capitalizes all expenditures for property and equipment in excess of $5,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 40 years.

Leases – The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the combined statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets are also adjusted for prepaid or accrued rent. The Foundation uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Foundation has made an accounting policy election to use the risk-free rate at the lease commencement date, in lieu of its incremental borrowing rate to discount future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include options to renew, extend or terminate to the extent they are reasonably certain to be exercised. The Foundation does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Functional allocation of expenses – The costs of program and supporting services activities have been summarized on a functional basis in the combined statements of activities. The functional expenses present the natural classification detail of expenses by function. See Note 15. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The combined financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Accordingly, personnel costs have been allocated based on employees' time incurred. All other costs have been allocated based on management's estimate of the usage of resources.

Income taxes – SHF and the Center are exempt from income taxes under Internal Revenue Code Section 501(c)(3). However, SHF is classified as a private foundation, and is subject to an excise tax of up to 1.39% on net investment income. Both entities are also subject to income taxes from activities unrelated to their tax-exempt purpose. SHF Properties is exempt from federal income tax under Section 501(c)(2) of the Internal Revenue Code.

The Foundation accounts for excise and income taxes in accordance with professional standards. Standards require recognition of deferred tax liabilities and assets for expected future tax consequences of events that have been recognized in a company's financial statements or tax returns. Under this method, deferred tax liabilities are recorded on the unrealized gains and losses in the fair value of securities using the 1.39% excise tax rate. The Foundation records a full valuation allowance on deferred tax assets when it is more likely than not that they will not be realized.

The Investment Fund was formed as a single member limited liability company and is a wholly-owned subsidiary of the Center. Since the entity is a disregarded entity for Federal tax purposes, the activity of the Investment Fund is included on the Center's return with a separate state LLC filing. The LLC is liable for the minimum California tax and gross receipts fee each year.

SHF, the Center, SHF Properties and the Investment Fund have applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the combined financial statements. With some exceptions, these entities are no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years prior to 2021.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

Fair value is measured using valuation techniques appropriate to each class of asset or liability, as follows:

Marketable securities (readily determinable fair value)	Share price data from the active markets in which the securities and funds are traded.

Limited Partnerships and other marketable securities	Net Asset Value (NAV) is used as a practical expedient unless the Foundation believes such NAV calculation is not measured in accordance with fair value. These values may differ significantly from values that would have been used had a readily available market existed for such investments, and that difference could be material to the change in net assets of the Foundation.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events have been evaluated through June 29, 2026, the date the combined financial statements were issued. Management concluded that all material subsequent events that have occurred since December 31, 2025 that require recognition or disclosure in the combined financial statements have been included.

Reclassification – Certain 2024 amounts have been reclassified to conform to the 2025 combined financial statement presentation.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The financial assets available for general expenditure within one year of the statement of financial position date are as follows for December 31 (in thousands):

SHF	**2025**	**2024**
Investments – marketable securities	$ 38,590	$ 33,107
Total financial assets available to management for general expenditure within one year	$ 33,485	$ 33,107

Center	**2025**	**2024**
Cash and cash equivalents	$ 84,732	$ 140,092
Grants receivable	10,105	16,788
Investments – marketable securities	7,430	1,806
Investments – certificates of deposit	692	664
Investments – marketable securities held by SHF	2,365	6,084
Total financial assets	105,324	165,434
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(14,492)	(16,043)
Refundable advances	(71,028)	(125,350)
Total financial assets available to management for general expenditure within one year	$ 19,804	$ 24,041

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. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, marketable securities, and a line of credit (see Note 8). The Foundation invests cash in excess of daily requirements in marketable securities.

4. MARKETABLE SECURITIES

Marketable securities consist of the following as of December 31 (in thousands):

	2025	2024
Cash and cash equivalents	$ 9,003	$ 3,072
Mutual funds – equity:		
Services	6,071	3,294
Information technology	4,475	3,645
Commodities	4,057	2,059
Foreign		7,385
Other	5,754	3,738
Mutual funds – fixed income:		
Foreign	452	419
Government	363	731
Services	82	
Commodities	45	
Information technology	10	
Other	1,666	1,598
Alternative investments:		
Government	2,469	9,938
Information technology	1,663	1,327
Services	1,547	1,261
Commodities	1,089	1,014
Foreign	719	
Other	8,920	1,516
Total	$ 48,385	$ 40,997

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31 (in thousands):

	2025	2024
Land	$ 1,475	$ 1,475
Buildings	12,879	12,810
Equipment	3,441	3,406
Art	196	196
Construction in progress	952	
Leasehold improvements	140	140
Total	19,083	18,027
Less: Accumulated depreciation and amortization	(12,163)	(11,589)
Property and equipment, net	$ 6,920	$ 6,438

6. LOANS RECEIVABLE

In February 2020, the Investment Fund loaned Self-Help Enterprises $500,000 for charitable programming. The loan matures and is due in full in February 2027, with interest-only payments made on a quarterly basis until the loan maturity. Interest on the note is 2.25% per annum on the unpaid principal balance. The loan balance was $500,000 at December 31, 2025 and 2024.

In July 2022, the Investment Fund loaned Grameen America Inc. $300,000 to be distributed to small businesses in various counties. The loan matures and is due in full in July 2027, with interest-only payments made on a quarterly basis until the loan maturity. Interest on the note is 2.25% per annum on the unpaid principal balance. The loan balance was $300,000 at December 31, 2025 and 2024.

In July 2022, the Investment Fund loaned Access Plus Capital $1,000,000 to be distributed to small businesses in the San Joaquin Valley. The loan matures and is due in full in July 2027, with interest-only payments made on a quarterly basis until September 30, 2025, at which time amortized loan payments of principal and interest are due quarterly through the loan's maturity. Interest on the note is 2.25% per annum on the unpaid principal balance. The loan balance was $754,191, and $1,000,000 at December 31, 2025 and 2024, respectively.

7. GRANTS PAYABLE

Long-term grants payable are discounted to present value. There was no discount applied as of December 31, 2025 and 2024, as all grants payable are scheduled to be paid within 1 year. Grants payable totaled $3,445,862 and $5,989,000 at December 31, 2025 and 2024, respectively.

8. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	2025	2024
SHF		
Business Loan from US Bank. Interest accrues at 3.48%. Installments of $18,694 and a balloon principal payment upon maturity in August 2028. Secured by 1321 Garden Highway in Sacramento CA.	$ 3,291	$ 3,397
Revolving Line of Credit from US Bank. Interest accrues at the SOFR base rate plus 2% (5.77% and 7.34% as of December 31, 2025 and 2024, respectively). Principal and interest due upon maturity in August 2027. Secured by marketable securities.	934	1,434
Center		
Note payable to ImpactAssets Inc. Interest payable in arrears on a quarterly basis (1% as of December 31, 2025 and 2024), outstanding principal and interest due in full upon maturity in September 2027.	2,000	2,000
Note payable to CommonSpirit Health (formerly Dignity Health). Interest payable in arrears on a quarterly basis (2% as of December 31, 2025 and 2024), outstanding principal and interest due in full upon maturity in January 2027. Secured by interest in equipment.	1,000	1,000
Long-term obligations	$ 7,225	$ 7,831

The future principal payments on the remaining loan balances are estimated as follows (in thousands):

Year Ending December 31,	
2026	$ 110
2027	4,048
2028	3,067
Total	$ 7,225

Management has determined that the Foundation is in compliance with all covenants as of December 31, 2025. Interest expense for all business loans and lines of credit for 2025 and 2024, totaled $251,278 and $269,057, respectively.

9. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, SHF received a Paycheck Protection Program (PPP) loan under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling $768,552. The terms and repayment conditions of PPP loans were modified through the subsequent Paycheck Protection Program Flexibility Act (PPPFA) signed into law in June 2020. Under the CARES Act, as modified by PPPFA,

a portion or all of the loan and accrued interest may be forgiven provided the funds are spent on qualifying payroll and other expenditures in the 24-week period following the loan and provided certain other criteria regarding full-time equivalent employee and payroll levels are maintained. The portion of the loan that does not qualify for forgiveness or any additional amount that the Foundation chooses to maintain as a loan, was originally required to be repaid within 2 years at 1% interest.

SHF received partial forgiveness in October 2021 of $271,761 in principal and $4,080 in interest. The repayment period on the remainder of the original loan was extended to April 2025. The loan was repaid in full during 2025. The balance on the loan as of December 31, 2024 was $49,485.

10. LEASES

The Center has lease agreements for office space with Uptown Investments, LP through October 2027, and with Gateway Oaks Investors LLC through January 2028 which are included on the combined statements of financial position as of December 31, 2025 and 2024 as an ROU asset of $916,312 and $1,341,135, respectively, and operating lease liabilities of $1,000,281 and $1,457,527, respectively.

The ROU asset and operating lease liabilities were calculated using a risk-free discount rate of 4.27% for the lease with Uptown Investments, LP and 3.48% for the lease with Gateway Oaks Investors LLC. The weighted average discount rate associated with these operating leases as of December 31, 2025 and 2024 is 3.62% and 3.63%, respectively.

As of December 31, 2025 and 2024, the weighted-average remaining lease term for all operating leases is 2.05 years and 3.04 years, respectively.

Rent expense for these leases totaled $470,120 for 2025 and 2024. Cash paid for amounts included in the measurement of operating lease liabilities totaled $502,542 and $424,331 for 2025 and 2024, respectively.

Maturities of the lease liability for this lease are as follows (in thousands):

Year Ending December 31,	
2026	$ 521
2027	523
2028	36
Total lease payments	1,080
Less: present value discount	(80)
Total operating lease liability	$ 1,000

11. FAIR VALUE MEASUREMENTS

The following is a summary of fair value measurements of assets and liabilities measured at fair value on a recurring basis (in thousands):

Total as of December 31, 2025:	**Level 1**	**NAV**
Marketable securities	$ 48,385	
Limited partnerships		$ 14,113
Certificates of deposit	692	
Total	$ 49,077	$ 14,113

Total as of December 31, 2024:		
Marketable securities	$ 40,997	
Limited partnerships		$ 13,859
Certificates of deposit	664	
Total	$ 41,661	$ 13,859

Based on the borrowing rates currently available to the Foundation for bank loans with terms and average maturities similar to those debt agreements under which it currently is obligated, the fair value of long-term debt approximates its carrying value. For grants payable, because they are discounted to present value, fair value also approximates the reported balances. Investments in limited partnerships typically invest in private securities for which there is no readily determinable market value. In these cases, market value is measured at the net asset value under the practical expedient in accordance with professional standards, which is determined by external managers based on a combination of discounted cash flow analysis, industry comparables, and outside appraisals.

The Foundation uses NAV to determine the fair value of certain investments by major category as follows (in thousands):

Type	**Remaining life**	**Redemption terms**	**Redemption restrictions**	**Unfunded commitment**	**Fair value using NAV on December 31: 2025**	**2024**
Limited partnerships	N/A	Illiquid	Illiquid	N/A	$ 14,113	$ 13,859
Total					$ 14,113	$ 13,859

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31 (in thousands):

	2025	2024
Public policy	$ 11,145	$ 9,083
Central CA Immigrant Resilience Fund	1,725	
Community Economic Mobilization Initiative	814	873
IHHEEL	408	
Improving health	291	4,599
Nonprofit health sector	59	1,185
Disaster relief	26	23
Youth development	24	280
Total net assets with donor restrictions	$ 14,492	$ 16,043

13. RETIREMENT PLANS

The Foundation sponsors a defined contribution 401(k) savings plan (the "Plan") for the benefit of its employees. Employees are eligible to participate upon attaining age 19 and completing at least one hour of service per month during three consecutive months of employment.

The Plan includes a Safe Harbor matching provision under which the Foundation matches 100% of each participant's elective deferrals up to 6% of eligible compensation. These matching contributions are fully vested when made. In addition, the Foundation may make discretionary profit-sharing contributions, which vest over a three-year graded schedule: 0% after one year, 50% after two years, and 100% after three years of service.

Participants may direct the investment of their account balances among various investment options offered under the Plan. The Plan is intended to comply with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Total employer contributions to the Plan were approximately $594,607 and $528,748 for the years ended December 31, 2025 and 2024, respectively.

The Foundation also maintains a non-qualified deferred compensation plan under Internal Revenue Code Section 457(b) and 457(f) (the "457 Plan") for certain members of executive management. Participation is voluntary and limited to eligible employees designated by the Foundation's Board of Directors.

As of December 31, 2025, three members of the executive team participated in the 457 Plan. The Foundation made no contributions to the 457 Plan during the years ended December 31, 2025 and 2024.

14. PROVISION FOR EXCISE AND INCOME TAXES

The provision for excise taxes consists of current excise tax expense of $288,030 and $25,798 for 2025 and 2024, respectively. Excise taxes are estimated annually based on calculated investment returns and management's judgment.

Deferred tax liabilities related to the unrealized appreciation in the fair value of securities are $220,000 and $190,000 as of December 31, 2025 and 2024, respectively, and are included in accrued expenses in the combined statements of financial position.

The Foundation has loss carryforwards from unrelated business activities of investments in limited partnerships. Loss carryforwards as of December 31, 2025 are $1,573,259 and $1,145,503 for federal and state purposes, respectively. Loss carryforwards as of December 31, 2024 were $1,611,500 and $1,028,166 for federal and state purposes, respectively. These amounts will expire between 2027 and 2037 for federal purposes, however net operating losses for federal purposes incurred in 2019 or forward will not expire but carry forward indefinitely. These amounts will expire between 2031 and 2044 for state purposes. A full valuation allowance has been recorded against related deferred tax assets totaling $431,647 and $429,305 for 2025 and 2024, respectively, representing a net decrease of $2,342.

15. FUNCTIONAL EXPENSES

Functional expenses for the years ended December 31, 2025 and 2024 are as follows (in thousands):

	Program Services					
2025	**Opioid Use Prevention**	**Healthy Youth Dev.**	**Health, Equity, and Access**	**Other Programs**	**Mgmt. and General**	**Total**
Grant expense and contracts	$ 58,665	$ 52,778	$ 44,199	$ 17,998		$ 173,640
Salaries and benefits	1,372	2,343	1,502	4,761	$ 4,198	14,176
Professional fees	557	778	714	580	1,438	4,067
Office and operating	266	507	405	317	2,393	3,888
Meetings and special events	1	226	15	858	60	1,160
Travel	7	35	17	331	162	552
Program support	7	56	7	205		275
Interest expense				40	171	211
Total	$ 60,875	$ 56,723	$ 46,859	$ 25,090	$ 8,422	$ 197,969

	Program Services					
2024	**Opioid Use Prevention**	**Healthy Youth Dev.**	**Health, Equity, and Access**	**Other Programs**	**Mgmt. and General**	**Total**
Grant expense and contracts	$ 50,233	$ 68,226	$ 45,314	$ 15,408	$ 611	$ 179,792
Salaries and benefits	1,126	2,217	1,731	5,210	4,361	14,645
Professional fees	617	484	590	478	1,642	3,811
Office and operating	218	532	448	351	2,436	3,985
Meetings and special events	5	233	159	498	142	1,037
Travel	13	63	21	397	243	737
Program support	10	60	73	173	366	682
Interest expense				44	229	273
Total	$ 52,222	$ 71,815	$ 48,336	$ 22,559	$ 10,030	$ 204,962