The REACH Healthcare Foundation

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2024 and 2023

Contents

Forvis Mazars, LLP
1201 Walnut Street, Suite 1700
Kansas City, MO 64106
P 816.221.6300 | F 816.221.6380
forvismazars.us

Independent Auditor's Report

Board of Directors
The REACH Healthcare Foundation
Overland Park, Kansas

Opinion

We have audited the consolidated financial statements of The REACH Healthcare Foundation (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years 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, 2024 and 2023, 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 (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 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 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 control 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 within one year after the date that these consolidated financial statements are available to be issued.

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 control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence 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 consolidated 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 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 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 control-related matters that we identified during the audit.

Forvis Mazars, LLP

Kansas City, Missouri
June 30, 2025

The REACH Healthcare Foundation
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	$ 103,211	$ 90,120
Prepaid expenses and other assets	598,383	536,483
Investments	149,427,707	141,461,205
Right-of-use asset - operating lease	2,255,973	2,384,343
Property and equipment, net of accumulated depreciation; 2024 - $575,848, 2023 - $496,247	703,069	782,670
Total assets	$ 153,088,343	$ 145,254,821
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 713,206	$ 647,551
Grants payable	3,229,193	3,175,630
Operating lease liability	2,324,830	2,433,039
Total liabilities	6,267,229	6,256,220
Net Assets Without Donor Restrictions	146,821,114	138,998,601
Total liabilities and net assets	$ 153,088,343	$ 145,254,821

The REACH Healthcare Foundation
Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

	2024	2023
Investment Return	$ 14,830,229	$ 12,003,787
Expenses		
Grants and program	6,025,953	5,862,990
Management and general	981,763	981,486
Total expenses	7,007,716	6,844,476
Increase in Net Assets	7,822,513	5,159,311
Net Assets Without Donor Restrictions, Beginning of Year	138,998,601	133,839,290
Net Assets Without Donor Restrictions, End of Year	$ 146,821,114	$ 138,998,601

The REACH Healthcare Foundation
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Grants and Program	Management and General	Total Expenses
Grants	$ 4,318,573	$ -	$ 4,318,573
Salaries and related expenses	1,012,059	518,913	1,530,972
Professional fees	425,281	104,464	529,745
Advertising and promotion	8,313	4,775	13,088
Office supplies and expense	54,937	31,095	86,032
Information technology	30,766	34,640	65,406
Occupancy	115,329	155,442	270,771
Travel	15,641	11,732	27,373
Conferences, conventions and meetings	50,448	15,710	66,158
Depreciation	35,361	44,240	79,601
Insurance	-	25,810	25,810
Equipment leasing and expense	1,207	12,267	13,474
Membership dues	22,562	6,694	29,256
Staff development	8,381	4,565	12,946
Grant refunds and adjustments	(75,000)	-	(75,000)
Other	2,095	11,416	13,511
	$ 6,025,953	$ 981,763	$ 7,007,716

The REACH Healthcare Foundation
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Grants and Program	Management and General	Total Expenses
Grants	$ 4,204,352	$ -	$ 4,204,352
Salaries and related expenses	997,798	517,945	1,515,743
Professional fees	360,843	112,056	472,899
Advertising and promotion	3,968	-	3,968
Office supplies and expense	49,103	33,058	82,161
Information technology	21,569	31,037	52,606
Occupancy	112,197	152,040	264,237
Travel	12,394	17,113	29,507
Conferences, conventions and meetings	38,557	8,772	47,329
Depreciation	35,294	44,158	79,452
Insurance	-	29,182	29,182
Equipment leasing and expense	4,230	16,832	21,062
Membership dues	21,804	5,604	27,408
Staff development	5,823	5,449	11,272
Grant refunds and adjustments	(6,949)	-	(6,949)
Other	2,007	8,240	10,247
	$ 5,862,990	$ 981,486	$ 6,844,476

The REACH Healthcare Foundation
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	$ 7,822,513	$ 5,159,311
Items not requiring (providing) operating activities cash flows		
Depreciation	79,601	79,452
Net realized and unrealized gains on investments	(14,159,985)	(11,330,074)
Noncash operating lease expense	128,370	126,253
Changes in		
Prepaid expenses and other assets	(61,900)	(73,099)
Accounts payable and accrued expenses	65,655	125,954
Grants payable	53,563	809,085
Operating lease liability	(108,209)	(103,287)
Net cash used in operating activities	(6,180,392)	(5,206,405)
Investing Activities		
Purchase of property and equipment	-	(19,859)
Purchase of investments	(15,978,536)	(28,061,199)
Proceeds from disposition of investments	22,054,667	33,024,141
Distribution from equity method investment	117,352	134,116
Net cash provided by investing activities	6,193,483	5,077,199
Increase (Decrease) in Cash	13,091	(129,206)
Cash, Beginning of Year	90,120	219,326
Cash, End of Year	$ 103,211	$ 90,120

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The REACH Healthcare Foundation was created as a Kansas not-for-profit foundation in August 2003, pursuant to an agreement (Memorandum of Understanding) between Health Midwest and the Kansas Attorney General, in connection with the sale of assets by Health Midwest to HCA, Inc. (HCA). Health Midwest, a Missouri public benefit corporation, operated various not-for-profit hospitals and other health care facilities in Kansas and Missouri which were among the assets sold to HCA, a for-profit company. The Settlement Agreement provided that two foundations would be established and that the net proceeds of the sale, as defined, would be distributed 80% to the Missouri foundation (Health Forward Foundation), and 20% to the Kansas Foundation (REACH or the Foundation). Community Health Group (CHG), successor to Health Midwest, made distributions to the two foundations pursuant to the Settlement Agreement.

The accompanying consolidated financial statements for the fiscal years 2024 and 2023 include the accounts of the Foundation and REACH Real Estate Holdings, LLC, a non-profit corporation controlled by the Foundation (hereinafter collectively known as the Foundation). All significant intercompany accounts and transactions have been eliminated upon consolidation.

The Foundation's stated purpose is to fund, conduct, or take part in programs to improve, protect, and/or restore individual, community and public health within specified communities in Eastern Kansas and the Greater Kansas City metropolitan area, with particular emphasis on individuals who are medically indigent or underserved.

The initial board of directors was appointed by Health Midwest, various elected officials and governing bodies in the Kansas state government and specified county governments. Subsequent board members were nominated by a Community Advisory Committee (CAC) and elected by the Foundation's board of directors. CAC members were appointed by governing bodies in the Kansas state government and specified county governments. As of November 2021, the Foundation is governed by a board of directors, of which, 51% are appointed by five governmental appointing authorities and 49% are elected by the board.

Use of Estimates

The preparation of the 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

The Foundation maintains its bank accounts at an institution where accounts up to $250,000 are insured by the FDIC. At December 31, 2024 and 2023, the Foundation had no cash balances in excess of this limit. Uninvested cash included in investment accounts are considered to be investments for reporting purposes.

Investments and Net Investment Return

The Foundation measures securities, other than investments that qualify for the equity method of accounting, at fair value.

Alternative investments are valued using the most recent valuation available by the respective external fund manager. Valuation of investments in alternative investments, such as common trust funds, marketable partnership interests, and private equity funds, are estimated based on valuations provided by external investment managers as of the prior quarter, adjusted for cash receipts and disbursements through December 31. The Foundation compares this carrying value, which is based on net asset value per share or its equivalent as a practical expedient, to the December 31 audited consolidated financial statements provided by the respective Fund's external auditors and believes the carrying value of these financial instruments is a reasonable estimate of fair value.

The Foundation owns a non-controlling interest in a for-profit real estate limited liability company that invests in an office building. The interest is nontransferable and may not be redeemed unless there is unanimous consent of all member interests. The Foundation accounts for its investment in the company using the equity method of accounting.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and unrealized gains and losses on equity method investments, less external investment expenses.

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 investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Property and Equipment

Property and equipment acquisitions over $5,000 are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets classified as leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Net assets without donor restrictions are board-restricted endowment funds that are available for use in general operations and not subject to donor restrictions.

Grants

Grant expenses are recorded when approved. Grants authorized and unpaid at year end are reported as liabilities in the consolidated statements of financial position. Grants payable at December 31, 2024 and 2023 were $3,229,193 and $3,175,630, respectively, and were expected to be paid within two years. Grants payable scheduled for payment in fiscal years 2025 through 2026 are as follows:

Year Ending December 31,	Total
2025	$ 2,379,193
2026	850,000
	$ 3,229,193

Income Taxes

The Foundation has been determined to be a public charity and is exempt from income taxes under Section 501 of the Internal Revenue Code and similar provisions of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the Foundation's programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the grants and program and management and general categories based on management's estimate of usage.

Subsequent Events

Subsequent events have been evaluated through June 30, 2025, which is the date the consolidated financial statements were available to be issued.

Note 2. Investments

Investments at December 31 consisted of the following:

	2024	2023
Investments in marketable securities at fair value		
Money market funds	$ 2,814,095	$ 3,193,840
Certificate of deposits	507,308	501,447
Common stocks	60,000	33,750
Mutual funds	28,815,718	29,043,431
Total investments at fair value	32,197,121	32,772,468
Investments at net asset value		
Common trust funds	48,908,117	48,134,191
Marketable partnership interests	40,571,575	34,897,050
Private equity funds	27,506,309	25,313,030
Total investments at net asset value	116,986,001	108,344,271
Investments at equity method		
Partnership interests	244,585	310,591
Cash	-	33,875
	$ 149,427,707	$ 141,461,205

Investments at Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following table presents the fair value measurements of investments recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2024 and 2023:

		Fair Value Measurements Using		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
December 31, 2024				
Money market funds	$ 2,814,095	$ 2,814,095	$ -	$ -
Certificate of deposits	507,308	-	507,308	-
Common stocks	60,000	60,000	-	-
Mutual funds	28,815,718	28,815,718	-	-
Total	$ 32,197,121	$ 31,689,813	$ 507,308	$ -
December 31, 2023				
Money market funds	$ 3,193,840	$ 3,193,840	$ -	$ -
Certificate of deposits	501,447	-	501,447	-
Common stocks	33,750	33,750	-	-
Mutual funds	29,043,431	29,043,431	-	-
Total	$ 32,772,468	$ 32,271,021	$ 501,447	$ -

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Investments at Net Asset Value (NAV)

At December 31, 2024 and 2023, the Foundation held the following investments in certain entities that calculate net asset value per share or its equivalent as a practical expedient.

	2024 NAV	2023 NAV	Restrictions of Redemption	Redemption Notice Period
Common trust funds (A)	$ 48,908,117	$ 48,134,191	Daily, weekly or monthly redemption	Daily or 30 days
Marketable partnership interests (B)	40,571,575	34,897,050	Daily, monthly or quarterly redemption	None to 65 days notice
Private equity funds (C)	27,506,309	25,313,030	Nonredeemable	None
	$ 116,986,001	$ 108,344,271		

(A) Common Trust Funds

Common trust funds permit the commingling or pooling of investors' money into one account (known as a common fund) for the purpose of creating a single investment. Because they are a bank product, common trust funds are not required to be registered with the Securities and Exchange Commission, and they are not considered to be a security under state and federal securities laws. Much like mutual funds, common trust funds strike a net asset value on a periodic basis and have varying investment strategies that primarily include investments in traditional assets such as domestic and international equity, fixed income securities and other securities. The Foundation's investments in common trust funds may be redeemed at net asset value on a daily, weekly or monthly basis, depending on the fund.

(B) Marketable Partnership Interests

Marketable partnership interests include investments in limited partnerships that seek capital appreciation and income by managing assets in investment pools, investment partnerships and similar entities (*i.e.*, a fund of funds). Fair value has been estimated using the net asset value per share of the investments. The marketable partnership interests are available for redemption on a daily, monthly or quarterly basis. Outstanding unfunded commitments to these partnerships as of December 31, 2024 and 2023 were $1,192,031 and $0, respectively.

(C) Private Equity Funds

Private equity funds include several private funds of funds that invest primarily in private capital investment vehicles, each of which may invest in public or private securities. Fair value has been estimated using the net asset value per share of the investment. Each fund operates in accordance with the terms of a limited partnership agreement and continues to operate year to year, unless dissolved in accordance with the agreements. There are significant restrictions on transfer and assignment of these limited partnership interests. The nature of the investments in this category is that distributions are received periodically when the fund incurs short- or long-term gains, return of capital, royalties, rents or other ordinary income. Outstanding unfunded commitments to these partnerships as of December 31, 2024 and 2023 were $13,489,574 and $13,622,709, respectively.

Investments at Equity Method

The Foundation has a 33.53% ownership in a partnership interest that is accounted for using the equity method of accounting. The partnership interest represents an investment in a corporate building in which the main financial statement components include the property and equipment, loan payable and rental income. Changes in the interest are included in the change in net assets. Transfers of assets between the Foundation and the partnership are recognized as increases or decreases in the interest in the net assets of the Foundation with corresponding decreases or increases in the assets transferred and have no effect on the change in net assets. The Foundation's interest in the investment as of December 31, 2024 and 2023 was $244,585 and $310,591, respectively.

Note 3. Board-restricted Endowment

As discussed in *Note 1*, the Foundation operates pursuant to a settlement agreement governing the spending of the distributions received toward its formation. The Foundation's governing body is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as adopted in the State of Kansas and in accordance with UPMIFA, the Foundation considers the following factors in determining whether to expend or accumulate endowment funds:

1. Duration and preservation of the fund
2. Purpose of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The Asset Purchase Agreement (APA), as amended, provides that funds may be expended on grants in any fiscal year of the Foundation no more than the greater of (i) the net appreciation, realized and unrealized, in the fair market value of the Foundation's assets over the historic dollar value of such assets, calculated in accordance with the *Uniform Management of Institutional Funds Act* (UMIFA) in effect in Kansas on the effective date of the APA, or (ii) an amount equal to 7% of the fair market value of the Foundation's assets, plus such additional expenditures, if any, that are required by the Internal Revenue Code (the "Code") (including, without limitation, under the minimum distribution requirements of Section 4942 of the Code), regardless of whether it is a "private foundation" within the meaning of Section 509 of the Code or a "public charity." For purposes of section (ii) above, the "fair market value of the Foundation's assets" for any given year shall be established as of the end of the third quarter of the immediately preceding fiscal year of the Foundation (the "FMV Quarter"), and shall be determined by calculating the average of the market value of the Foundation's assets as of the FMV Quarter and each of the 11 consecutive quarters immediately preceding it. The Foundation's board has resolved that the historic dollar value of distributions received from CHG to be $117,252,319 as of December 31, 2024 and 2023. From time to time, the fair value of the fund's assets may fall below the historic dollar value threshold.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results to earn an average annual inflation-adjusted (real) total return of at least 5%, net of all investment-related expenses, over the long term (rolling 10 and 15-year periods). Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy (the spending policy) of appropriating for expenditure each year 5% of its endowment fund's average fair value over the prior three years, as determined at the end of each quarter. The fund's actual spending rate is expected to vary annually around the 5% target rate, depending upon program needs and changes in the fund's average market value. The Foundation attempts to keep the actual spending rate from the fund in any one fiscal year below 6% of the three-year average of ending market values of the fund. In establishing this policy, the Foundation considered the long-term expected return on its investments. Accordingly, over the long term, the Foundation expects the current spending policy to preserve and possibly enhance the value of the corpus adjusted for the effects of inflation. This is consistent with the Foundation's objective to balance the needs of current and future generations of beneficiaries of the Foundation.

Note 4. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024 and 2023, comprise the following:

	2024	2023
Cash	$ 103,211	$ 90,120
Endowment spending appropriations approved by the Board of Directors	7,155,600	7,075,000
	$ 7,258,811	$ 7,165,120

The Foundation's endowment funds consist of funds that were derived from the APA. Income from these funds is to be used to meet the mission of the Foundation. It is the Foundation's policy to appropriate for annual expenditure approximately 5% of its endowment fund's average fair value over the prior three years, as determined at the end of each quarter. The fund's actual spending rate is expected to vary annually around the 5% target rate, depending upon program needs and changes in the fund's average market value.

As part of the Foundation's liquidity management plan, management reviews cash and investment balances regularly and compares these to the monthly requirements.

Note 5. Property and Equipment

Property and equipment at December 31, 2024 and 2023 consist of:

	2024	2023
Leasehold improvements	$ 832,858	$ 832,858
Computer and office equipment	223,490	223,490
Office furniture	222,569	222,569
	1,278,917	1,278,917
Less accumulated depreciation	575,848	496,247
	$ 703,069	$ 782,670

Note 6. Operating Leases

Accounting Policies

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

The Foundation combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office building.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Foundation has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Foundation has entered into the following lease arrangements:

Operating Leases

The Foundation has a lease for office space that expires in 2031. This lease contains a renewal option for a five-year period followed by one-year options for the next three years. The Foundation expects to exercise the renewal options and has included the renewal periods in the remaining lease term. The lease requires the Foundation to pay all executory costs (property taxes, maintenance and insurance). Lease payments have an escalating fee schedule, which increase 1.8% each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2024 and 2023, are:

	2024	2023
Lease cost		
Operating lease cost	$ 155,282	$ 155,282
Variable lease cost	85,989	85,989
	$ 241,271	$ 241,271
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 158,086	$ 155,282
Weighted-average remaining lease term		
Operating leases	15 years	16 years
Weighted-average discount rate		
Operating leases	2.05%	2.05%

Future minimum lease payments and reconciliation to the consolidated statement of financial position at December 31, 2024, are as follows:

	Operating Leases
2025	$ 160,920
2026	163,794
2027	166,738
2028	169,752
2029	172,806
Thereafter	1,908,561
Total future undiscounted lease payments	2,742,571
Less interest	417,741
Lease liabilities	$ 2,324,830

Note 7. Pension and Other Postretirement Benefit Plans

The Foundation sponsors a retirement savings plan for employees who meet certain length of service requirements. The Foundation matches 100% of the employee contributions up to 6% of employee compensation. The Foundation may also make annual discretionary contributions. The Foundation contributed $114,863 and $114,552 to the Plan for the years ended December 31, 2024 and 2023, respectively.

The Foundation also adopted a 457(b) Deferred Compensation Plan effective April 2008 for the benefit of selected management or highly compensated key employees. Under the Plan, participating employees may defer and contribute to the Plan a percentage of their compensation subject to Internal Revenue Code limits. The Foundation may, at its discretion, make matching or additional non-elective contributions to the Plan on behalf of each eligible participant. Participants are fully vested in the Foundation contributions at age 65. Participants also vest in Foundation contributions at a rate of 20% after two years of service and then an additional 20% each year thereafter, until fully vested after six years. Total expense under the Plan was $23,000 and $22,500 during the years ended December 31, 2024 and 2023, respectively.

Note 8. Line of Credit

The Foundation had a $5,000,000 revolving line of credit which expired in January 2025. The line is collateralized by approximately $10,000,000 of pledged investments. For the year ended 2024, interest varies at a rate equal to 2.25% plus the greater of 0% or the one-month SOFR rate, which was 7.03% and is payable monthly. For the year ended 2023, interest varies at a rate equal to 2.11% plus the greater of 0% or the one-month SOFR rate, which was 7.59% and is payable monthly.

At December 31, 2024 and 2023, there were no amounts borrowed against this line.

Effective January 2025, the revolving line of credit was amended to reduce the borrowing capacity and collateral required to $3,000,000 and 6,000,000, respectively. The maturity date was extended to October 2025.