St. Vincent Hospital Foundation

FINANCIAL STATEMENTS

June 30, 2025 and 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Vincent Hospital Foundation

Opinion
We have audited the accompanying financial statements of St. Vincent Hospital Foundation (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 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 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.

Auditors' Updated Opinion on 2024 Financial Statements
In our report dated May 12, 2025, we expressed an opinion that the 2024 financial statements did not fairly present financial position, changes in net assets, and cash flows in accordance with accounting principles generally accepted in the United States of America because the Foundation has not recorded gifts of artwork in the financial statements. As more fully described in Note 13, the Company has changed its method of accounting for that item and has restated its 2024 financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the 2024 financial statements, as presented herein, is different from that expressed in our previous report.

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

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

Auditors' Responsibilities for the Audits of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period-of-time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Pulakos CPAs PC

June 16, 2026 Pulakos CPAs, PC

St. Vincent Hospital Foundation

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

Assets

	2025	2024 (as restated)
Current assets		
Cash and cash equivalents	$ 292,055	$ 270,905
Accounts receivable, net	-	628
Investments	13,638,300	11,846,661
Prepaid expenses	65,944	65,001
Inventory	48,715	41,951
Current portion of pledges receivable	242,000	771,765
Total current assets	14,287,014	12,996,911
Noncurrent assets		
Noncurrent portion of pledges receivable, net	438,387	272,587
Life pledges receivable, net	532,003	642,003
Artwork collections (as restated)	1,415,568	1,292,593
Total noncurrent assets	2,385,958	2,207,183
Total assets	$ 16,672,972	$ 15,204,094

Liabilities and Net Assets

	2025	2024 (as restated)
Current liabilities		
Accounts payable and accrued expenses	$ 247,684	$ 435,051
Deferred revenue	62,184	118,580
Current portion of charitable gift annuity liability	6,600	6,600
Total current liabilities	316,468	560,231
Long-term liabilities		
Noncurrent portion of charitable gift annuity liability	35,460	43,485
Total liabilities	351,928	603,716
Net assets		
Without donor restrictions	9,490,604	7,964,777
With donor restrictions time or purpose restricted	6,830,440	6,635,601
Total net assets	16,321,044	14,600,378
Total liabilities and net assets	$ 16,672,972	$ 15,204,094

St. Vincent Hospital Foundation

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and grants	$ 219,689	$ 1,282,692	$ 1,502,381
In-kind contributions	715,850	122,975	838,825
Gift shop sales	530,684	-	530,684
Special events	421,697	358,086	779,783
Realized and unrealized investment gains	886,674	-	886,674
Interest and dividend income, net of fees	372,972	-	372,972
Net assets released from restriction	1,568,914	(1,568,914)	-
Total revenue and support	4,716,480	194,839	4,911,319
Expenses			
Program	2,326,750	-	2,326,750
Management	276,046	-	276,046
Fundraising	587,857	-	587,857
Total expenses	3,190,653	-	3,190,653
Change in net assets	1,525,827	194,839	1,720,666
Net assets, beginning of year	7,964,777	6,635,601	14,600,378
Net assets, end of year	$ 9,490,604	$ 6,830,440	$ 16,321,044

St. Vincent Hospital Foundation

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2024 (as restated)

	Without Donor Restrictions	With Donor Restrictions (as restated)	Total (as restated)
Revenue and support			
Contributions and grants	$ 715,449	$ 2,069,243	$ 2,784,692
In-kind contributions (as restated)	715,703	388,562	1,104,265
Gift shop sales	390,332	-	390,332
Special events	66,345	188,429	254,774
Realized and unrealized investment gains	586,283	-	586,283
Interest and dividend income, net of fees	359,224	-	359,224
Net assets released from restriction	239,395	(239,395)	-
Total revenue and support	3,072,731	2,406,839	5,479,570
Expenses			
Program	2,215,828	-	2,215,828
Management	218,323	-	218,323
Fundraising	535,411	-	535,411
Total expenses	2,969,562	-	2,969,562
Change in net assets	103,169	2,406,839	2,510,008
Net assets, beginning of year (as restated)	7,861,608	4,228,762	12,090,370
Net assets, end of year	$ 7,964,777	$ 6,635,601	$ 14,600,378

St. Vincent Hospital Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program	Management and General	Fundraising	Total Expenses
Distributions to hospital	$ 1,417,400	$ -	$ -	$ 1,417,400
Salaries and benefits, in-kind	308,486	154,243	154,243	616,972
Costs of goods sold - gift shop	339,641	-	-	339,641
Other miscellaneous	126,549	31,038	95,508	253,095
Events	-	-	213,350	213,350
Office and facility	56,887	26,942	28,128	111,957
Other in-kind expense	15,725	-	46,712	62,437
Professional and legal fees	-	57,313	-	57,313
Bad debt expense	50,000	-	-	50,000
Development	1,500	1,500	44,906	47,906
Travel and meetings	10,020	5,010	5,010	20,040
Software	542	-	-	542
	$ 2,326,750	$ 276,046	$ 587,857	$ 3,190,653

St. Vincent Hospital Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program	Management and General	Fundraising	Total Expenses
Distributions to hospital	$ 1,375,651	$ -	$ -	$ 1,375,651
Salaries and benefits, in-kind	305,642	152,822	152,822	611,286
Costs of goods sold - gift shop	261,664	-	-	261,664
Events	-	-	208,732	208,732
Other miscellaneous	113,172	19,208	43,775	176,155
Other in-kind expense	49,600	-	54,816	104,416
Office and facility	36,048	16,657	16,657	69,362
Bad debt expense	64,540	-	-	64,540
Development	3,614	2,102	57,774	63,490
Professional and legal fees	-	26,699	-	26,699
Software	4,227	-	-	4,227
Travel and meetings	1,670	835	835	3,340
	$ 2,215,828	$ 218,323	$ 535,411	$ 2,969,562

St. Vincent Hospital Foundation

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024 (as restated)
Operating activities		
Change in net assets (as restated)	$ 1,720,666	$ 2,510,008
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments	(886,674)	(586,283)
Donated securities	(37,511)	-
Donated artwork collections (as restated)	(122,975)	(388,562)
Bad debt expense	50,000	64,540
Net changes to certain operating assets and liabilities		
Accounts receivable, net	628	(42)
Pledges receivable, net	423,965	(696,392)
Loans receivable, net	-	18,578
Prepaid expenses	(943)	(14,782)
Inventory	(6,764)	2,094
Accounts payable and accrued expenses	(187,367)	(365,476)
Deferred revenue	(56,396)	40,701
Charitable gift annuity	(8,025)	(1,875)
Net cash provided by operating activities	888,604	582,509
Investing activities		
Purchase of investments and reinvestment of dividend income	(3,561,200)	(6,535,979)
Proceeds from sale of investments	2,693,746	6,049,978
Net cash used by investing activities	(867,454)	(486,001)
Change in cash	21,150	96,508
Cash, beginning of year	270,905	174,397
Cash, end of year	$ 292,055	$ 270,905

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

St. Vincent Hospital Foundation (the Foundation), a New Mexico nonprofit corporation, was incorporated to provide support and benefit to the CHRISTUS St. Vincent Regional Medical Center (the Hospital). The Hospital is a comprehensive general acute care hospital located in Santa Fe, New Mexico. The Hospital encourages all donors to the Hospital to make their contributions through the Foundation. The Foundation has changed its tax status with the Internal Revenue Service to be a public charity.

The Foundation is independent of the Hospital, except the Hospital may appoint up to two members of the four authorized appointed members of the Foundation's Board of Directors. There are up to twenty-five elected members of the Foundation's Board of Directors. The Foundation's CEO and the Hospital's CEO also serve as ex-officio Directors of the Foundation. The St. Vincent Hospital Auxiliary and Anchorum St. Vincent may also name one of its representatives as one of the four authorized appointed members of the Foundation's Board of Directors. The Foundation does not manage the Hospital or share in any profit or loss in the Hospital's operation. Accordingly, the Hospital operations are not consolidated in the Foundation's financial statements.

The Hospital provides substantial assistance to the Foundation in the form of facilities, personnel, fundraising expenses, printing, office equipment and supplies that are required by the Foundation in its mission to maximize support to the Hospital.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Foundation to report information regarding its financial position and activities and changes in net assets 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 Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage-of-time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents. The Foundation maintains cash balances with financial institutions that at times may exceed federally insured limits.

Contributions and Grants

The Foundation reports contributions received as either with donor restriction or without donor restriction support, depending on the existence or nature of any donor restrictions. Unconditional promises-to-give are recognized as revenue and pledges receivable when the promise to give is made. Contributions with donor restriction whose restriction is satisfied in the same year as contribution are recorded as contributions without donor restriction.

The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on past collection history, specific risks identified based on current conditions and expected future economic conditions when necessary.

The majority of the Foundation's contributions are received from donors located in the greater Santa Fe, New Mexico area. As such, the Foundation's ability to generate resources via contributions is dependent upon the economic health and other factors that can impact donations of that area.

Gift Shop Sales

Gift shop sales revenue is recognized at the point of sale. Monies received but not earned during the fiscal year are recorded as deferred revenue. Gift shop sales revenue earned are presented net of applicable sales and use taxes.

Inventory

Inventory consists of items sold in the gift shop and is stated at the lower of cost or market. Cost is determined on a specific identification basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

Investments consist of marketable debt and equity securities with readily determinable fair values and are reported at their fair values based on quoted prices in active markets in the statements of financial position. Investment gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

Property and Equipment

The Foundation capitalizes property and equipment over $500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from four to eight years.

Financial Instruments

The carrying amounts of cash, receivables, payables, and accrued liabilities and other obligations approximate fair value due to the short-term nature of these instruments.

Gifts In-Kind and Donated Services

Gifts in-kind are recorded at market value on the date of donation with a corresponding increase in either operating expenses or other non-current assets in the accompanying statements of activities and changes in net assets and financial position. The contributions are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills are performed by people with those skills and would otherwise be purchased by the Foundation. No amounts have been reflected in the financial statements for donated services from volunteers. The Foundation generally pays for services requiring specific expertise.

Fair Value Measurements

Accounting Standards Codification Topic 820 establishes 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 and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that the Foundation has the ability to access at the measurement date.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

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.

Income Taxes

The Foundation is a nonprofit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

The Foundation has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that all activities of the Foundation are within their tax-exempt purpose, and that there are no uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified as current in the Foundation's financial statements. There were no interest or penalties recorded as of June 30, 2025.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Subsequent Events

The Foundation has evaluated all events occurring subsequent to June 30, 2025 through June, 16, 2026, which is the date that the financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2025 and 2024 is as follows:

	2025	2024
Due in one year or less	$ 242,000	$ 771,765
Due one to five years	450,554	284,754
Total pledges receivable	692,554	1,056,519
Less: Present value discount	(7,120)	(7,120)
Less: Allowance for uncollectible pledges	(5,047)	(5,047)
Pledges receivable, net	$ 680,387	$ 1,044,352

Pledges receivable due in more than one year are recognized at fair value, using present value techniques as of June 30, 2025 and 2024, respectively. Discount rates are determined when the donor makes an unconditional promises-to-give the Foundation.

NOTE 3 – LIFE PLEDGES

The Foundation received two gift agreements totaling $500,000 to be funded upon the death of the donor and the donors' spouse. The gifts have been discounted using rates ranging from 1.2% to 2.0% over the expected life of the donors.

The Foundation received a gift agreement representing 25% of an IRA account to be funded upon the death of the donor. The gift was initially recorded in 2008 in the amount of $150,000. The gift has been discounted using a rate of 2.0% over the expected life of the donor.

The Foundation received a gift agreement for $40,000 to be funded upon the death of the donor. The gift has been discounted using a rate of 1.2% over the expected life of the donor.

NOTE 3 – LIFE PLEDGES – CONTINUED

Life pledges as of June 30, 2025 and 2024 consisted of the following:

	2025	2024
Pledged amount	$ 690,000	$ 800,000
Less: allowance for uncollectible amounts	(67,000)	(67,000)
Less: present value discount	(90,997)	(90,997)
Life pledges receivable, net	$ 532,003	$ 642,003

NOTE 4 – REVOCABLE PLANNED GIFTS

The Foundation has been named a remainder beneficiary of a charitable remainder unitrust, the corpus of which is not controlled by the management of the Foundation. Upon the death of both beneficiaries, a portion of the principal is to be distributed to the Foundation. As this gift is revocable in nature, the Foundation has not recorded it within the accompanying financial statements. The value of the gift is approximately $950,000 as of June 30, 2025 and 2024, respectively.

The Foundation has been named a beneficiary of an estate, the corpus of which is not controlled by the management of the Foundation. Upon the death of both beneficiaries, a portion of the principal is to be distributed to the Foundation. As this gift is revocable in nature, the Foundation has not recorded it within the accompanying financial statements. The value of the gift is approximately $55,000 as of June 30, 2025 and 2024, respectively.

NOTE 5 – INVESTMENTS

The following tables presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2025:

	Assets at Fair Value			
Description	Total	Level 1	Level 2	Level 3
Money market funds	$ 2,675,713	$ 2,675,713	$ -	$ -
Equities and stocks	5,248,745	5,248,745	-	-
Fixed income	4,228,237	4,228,237	-	-
Real assets	334,485	334,485	-	-
Alternative investments	1,151,120	-	-	1,151,120
Total investments	$ 13,638,300	$ 12,487,180	$ -	$ 1,151,120

NOTE 5 – INVESTMENTS – CONTINUED

The following tables presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2024:

Description	Total	Level 1	Level 2	Level 3
Money market funds	$ 2,187,572	$ 2,187,572	$ -	$ -
Equities and stocks	4,117,589	4,117,589	-	-
Fixed income	3,730,080	3,730,080	-	-
Real assets	721,708	721,708	-	-
Alternative investments	1,089,712	-	-	1,089,712
Total investments	$ 11,846,661	$ 10,756,949	$ -	$ 1,089,712

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Money market funds, equities and stocks, fixed income, real assets: Fair value determined using the closing price of the traded security at the statements of financial position date.

Alternative investments: Fair value determined based on value as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date.

The method 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 management 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.

The following tables present the Foundation's activities for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2025 and 2024, respectively:

	2025	2024
Beginning Balance	$ 1,089,712	$ -
Purchases	-	1,086,225
Sales	(5,039)	-
Total earnings and gains, net of expenses	66,447	3,487
Ending Balance	$ 1,151,120	$ 1,089,712

NOTE 6 – CHARITABLE GIFT ANNUITY LIABILITY

In 2010, a related party transferred $50,000 to the Foundation under a charitable gift annuity agreement. As part of the agreement, the Foundation makes annual payments of $2,850 to the donor until their death. The $50,000 is available for the Foundation’s unrestricted use. The Foundation used present value techniques with a discount rate of 6% when the gift was made in 2010 to measure the annuity payment liability. The annuity payment liability was $13,157 and $17,848 at June 30, 2025 and 2024, respectively.

In 2015, a related party transferred $62,500 to the Foundation under charitable gift annuity agreement. As part of the agreement, the Foundation makes annual payments $3,750 to the donor until their death. The $62,500 is available for the Foundation’s unrestricted use. The Foundation used present value techniques with a discount rate of 6% when the gift was made in 2015 to measure the annuity payment liability. The annuity payment liability was $28,903 and $32,237 at June 30, 2025 and 2024, respectively.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as June 30, 2025:

	2025	2024
Cash and cash equivalents	$ 292,055	$ 270,905
Investments	13,638,300	11,846,661
Accounts receivable, net	-	628
Pledges and life pledges receivable, net	1,212,390	1,686,355
Total financial assets	15,142,745	13,804,549
Less amounts not available to be used within one year		
Pledges and life pledges receivable, non-current portion	970,390	914,590
Other net assets with donor restrictions	4,202,482	3,656,653
Financial assets available to meet cash needs for general expenditure within one year from June 30, 2025 and 2024	$ 9,969,873	$ 9,233,306

The Foundation manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to cover current operational needs. The Foundation’s goal is generally to maintain a level of liquid financial assets sufficient to cover three months of operating expenses and contributions to the Hospital. As part of its liquidity plan, the Foundation is continuously evaluating the amount of cash on hand and expected to be collected within 30 days, against current financial obligations.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2025	2024
Subject to expenditure for specified purpose:		
Specific program services	$ 4,202,482	$ 3,656,653
Artwork collections	1,415,568	1,292,593
Subject to the passage-of-time -		
Life and pledges receivable, net	1,212,390	1,686,355
	$ 6,830,440	$ 6,635,601

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage-of-time or other events specified by the donors were $1,568,914 and $239,395 for the years ended June 30, 2025 and 2024, respectively.

NOTE 9 – IN-KIND CONTRIBUTIONS

The value of the salaries, benefits, and office space provided by the Hospital was $616,971 and $611,286 for the years ended June 30, 2025 and 2024, respectively. This amount is included as contribution and grant revenue and expenses for the years ended June 30, 2025 and 2024, respectively.

The total value of all in-kind contributions received by the Foundation was $838,825 and $1,104,265 for the years ended June 30, 2025 and 2024, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents and investments. The Foundation places its investments with financial institutions and investments brokerage firms. Deposits with financial institutions are federally insured and assets held by investment brokerage firms are insured for existence and not valuation by private insurance (Securities Investor Protection Corporation).

NOTE 10 – COMMITMENTS AND CONTINGENCIES – CONTINUED

The Foundation invests in various investment securities. The Foundation is a long-term investor and diversifies its investments to minimize the impact of the market. The investments are still exposed to various risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported to the statements of financial position.

NOTE 11 – RELATED PARTY TRANSACTIONS

Members of the Board and employees provide financial assistance to the Foundation. Included in contribution revenue was approximately $34,400 and $143,000 for the years ended June 30, 2025 and 2024, respectively, from members of the Board and employees. The pledge receivable from these members of the Board and employees was $38,847 and $94,765 for the years ended June 30, 2025 and 2024, respectively.

In fulfilling its mission to support the Hospital, the Foundation made distributions to the Hospital totaling $1,417,400 and $1,375,651 for the years ended June 30, 2025 and 2024, respectively.

The Foundation owed the Hospital $214,198 and $377,151 as of June 30, 2025 and 2024, respectively, related to expenses incurred by the Hospital on behalf of the Foundation. This amount is included in accounts payable as of June 30, 2025 and 2024, respectively.

NOTE 12 – ARTWORK COLLECTIONS

The Foundation's collection of artwork is maintained for public display at facilities operated by the Hospital. Donated works of art are recorded at estimated fair value at the date of donation. If purchased, items accessioned into the collection are capitalized at cost. Each of the items is cataloged, preserved, and cared for, and activities verifying its existence and assessing its condition are performed continuously. No depreciation has been recorded for these items. Capitalized works of art that were donated to the Foundation were $122,975 and $388,562 in 2025 and 2024, respectively.

NOTE 13 – CORRECTION OF AN ERROR

During 2024, Management determined that there was a significant inventory of artwork donated and received by the Foundation over several previous years that is not reflected in the financial statements of the Foundation as a collection in accordance with the Foundation's policy. This artwork is held for investment and displayed at various locations operated by the Hospital. In 2025, the Foundation catalogued and valued the donated artwork based on information provided by the donor at the date of donation. The value of the unrecorded artwork collections were corrected and recorded to the books and records in 2025. The effects of this restatement are as follows:

	As Previously Reported	Restatement	As Restated
Artwork collections – June 30, 2024	$ -	$ 1,292,593	$1,292,593
Net assets with donor restrictions, Beginning of year – June 30, 2024	3,324,731	904,031	4,228,762
In-kind contributions, June 30, 2024	-	388,562	388,562