RIVERSIDE COMMUNITY HEALTH FOUNDATION AND COMMUNITY SETTLEMENT ASSOCIATION

CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

DECEMBER 31, 2025 AND 2024

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AND COMMUNITY SETTLEMENT ASSOCIATION
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RP&B CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Riverside Community Health Foundation and
Community Settlement Association
Riverside, California.

Opinion

We have audited the accompanying consolidated and combined financial statements of Riverside Community Health Foundation (a nonprofit organization) and affiliates, which comprise the consolidated and combined statements of financial position as of December 31, 2025 and 2024, and the related consolidated and combined statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated and combined financial statements.

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of Riverside Community Health Foundation and affiliates as of December 31, 2025 and 2024, and the changes in their net assets and their 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Riverside Community Health Foundation and affiliates 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined 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 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 consolidated and 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 consolidated and 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 consolidated and 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 Organization'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 and combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Riverside Community Health Foundation and affiliates' 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 Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

RP&B CPAs

RP&B, Inc., A Professional Accountancy Corporation
Riverside, California
July 31, 2026

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND
COMMUNITY SETTLEMENT ASSOCIATION

CONSOLIDATED AND COMBINED STATEMENTS OF FINANCIAL POSITION

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 1,741,318	$ 794,256
Investments (Notes 3 and 4)	107,094,679	97,989,373
Accounts receivable	491,679	693,875
Inventory	73,844	76,739
Prepaid expenses	109,875	69,682
Total current assets	109,511,395	99,623,925
Property and equipment:		
Land	1,219,027	1,219,027
Buildings and leasehold improvements	13,159,741	13,153,241
Furniture and equipment	411,507	401,181
Transportation equipment	134,281	134,281
Construction in progress	188,225	181,725
	15,112,781	15,089,455
Accumulated depreciation	(5,072,548)	(4,737,070)
Total property and equipment, net	10,040,233	10,352,385
Other assets:		
Deferred rent receivable	8,084	92,275
Right of use assets, net of amortization (Note 7)	49,079	141,184
Total other assets	57,163	233,459
Total assets	$ 119,608,791	$ 110,209,769

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND
COMMUNITY SETTLEMENT ASSOCIATION

CONSOLIDATED AND COMBINED STATEMENTS OF FINANCIAL POSITION

	December 31, 2025	December 31, 2024
Liabilities and net assets		
Current liabilities:		
Accounts payable	$ 142,315	$ 72,992
Accrued expenses	283,356	238,681
Grants payable	258,425	45,000
Deferred grant liability	403,823	-
Term loan payable, current portion (Note 6)	454,987	436,934
Operating lease liability, current portion (Note 7)	44,280	97,907
Total current liabilities	1,587,186	891,514
Long-term liabilities:		
Term loan payable, net of current portion (Note 6)	1,525,766	1,982,433
Operating lease liability, net of current portion (Note 7)	7,587	51,868
Total long-term liabilities	1,533,353	2,034,301
Other liabilities:		
Estimated future liability for annuity payments (Note 8)	53,586	53,586
Deferred compensation (Note 5)	1,028,178	977,558
Total other liabilities	1,081,764	1,031,144
Total liabilities	4,202,303	3,956,959
Net assets:		
Without donor restrictions (Note 2)	113,434,868	104,568,731
With donor restrictions (Notes 2 and 11)	1,971,620	1,684,079
Total net assets	115,406,488	106,252,810
Total liabilities and net assets	$ 119,608,791	$ 110,209,769

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND COMMUNITY SETTLEMENT ASSOCIATION

CONSOLIDATED AND COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(with comparative totals for year ended December 31, 2024)

	For the year ended December 31, 2025			For the year ended December 31, 2024
	Without Donor Restriction	With Donor Restriction	Total	
Revenues:				
Grants and contributions	$ 191,160	$ 2,006,660	$ 2,197,820	$ 1,890,831
In-kind contributions (Note 2)	539,159	392,655	931,814	551,597
Service fees	81,815	-	81,815	93,015
Rental income	678,508	-	678,508	607,380
Fundraising	49,327	-	49,327	86,689
Total revenues	1,539,969	2,399,315	3,939,284	3,229,512
Other gains and losses:				
Interest and dividends, net	2,427,973	33,759	2,461,732	2,305,537
Gain (loss) on disposal of asset	6,756	-	6,756	(313)
Loss on impairment of building improvement	(4,624)	-	(4,624)	-
Net unrealized and realized gain on investments	11,152,128	102,183	11,254,311	8,033,926
Net assets released with satisfaction of program restrictions	2,247,715	(2,247,715)	-	-
Total other gains and losses	15,829,948	(2,111,773)	13,718,175	10,339,150
Total revenues and gains and losses	17,369,917	287,542	17,657,459	13,568,662
Expenses:				
Grants/Program services	7,081,822	-	7,081,822	6,305,448
Management and general	1,342,963	-	1,342,963	1,173,293
Fundraising	78,996	-	78,996	78,219
Total expenses	8,503,781	-	8,503,781	7,556,960
Change in net assets	8,866,136	287,542	9,153,678	6,011,702
Net assets at beginning of period:				
Riverside Community Health Foundation	103,694,754	1,673,909	105,368,663	99,364,285
Community Settlement Association	873,978	10,169	884,147	876,823
Net assets at end of period	$ 113,434,868	$ 1,971,620	$ 115,406,488	$ 106,252,810

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND COMMUNITY SETTLEMENT ASSOCIATION

CONSOLIDATED AND COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	For the year ended December 31, 2024		
	Without Donor Restriction	With Donor Restriction	Total
Revenues:			
Grants and contributions	$ 70,154	$ 1,820,677	$ 1,890,831
In-kind contributions (Note 2)	551,597	-	551,597
Service fees	93,015	-	93,015
Rental income	607,380	-	607,380
Fundraising	86,689	-	86,689
Total revenues	1,408,835	1,820,677	3,229,512
Other gains and losses:			
Interest and dividends, net	2,282,896	22,641	2,305,537
Loss on disposal of asset	(313)	-	(313)
Net unrealized and realized gain on investments	7,965,243	68,683	8,033,926
Net assets released from restrictions:			
Satisfaction of program restrictions	2,542,925	(2,542,925)	-
Total other gains and losses	12,790,751	(2,451,601)	10,339,150
Total revenues and gains and losses	14,199,586	(630,924)	13,568,662
Expenses:			
Grants/Program services (Note 2)	6,305,448	-	6,305,448
Management and general (Note 2)	1,173,293	-	1,173,293
Fundraising (Note 2)	78,219	-	78,219
Total expenses	7,556,960	-	7,556,960
Change in net assets	6,642,626	(630,924)	6,011,702
Net assets at beginning of period:			
Riverside Community Health Foundation	97,064,025	2,300,260	99,364,285
Community Settlement Association	862,080	14,743	876,823
Net assets at end of period	$ 104,568,731	$ 1,684,079	$ 106,252,810

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND COMMUNITY SETTLEMENT ASSOCIATION

CONSOLIDATED AND COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

	For the year ended December 31, 2025			
	Program Services	Management and General	Fundraising	Total
Bank charges	$ 2,326	$ 4,004	$ -	$ 6,330
Community services and grant	1,204,365	-	940	1,205,305
Conferences and meetings	12,809	21,892	-	34,701
Depreciation	319,930	47,806	-	367,736
Dues and subscriptions	12,728	698	-	13,426
Events	106,628	16,313	-	122,941
Insurance	94,657	27,429	-	122,086
Interest	77,065	11,230	-	88,295
Investment management fees	305,816	44,562	-	350,378
Mailing and printing	48,692	13,825	2,659	65,176
Professional services	269,084	209,220	2,277	480,581
Public relations	1,807	1,519	1,122	4,448
Lease expenses	45,732	-	5,734	51,466
Repairs and maintenance	57,221	94,327	-	151,548
Salaries and related benefits	4,152,488	745,956	49,294	4,947,738
Supplies and software	293,952	34,890	15,536	344,378
Local transportation	15,239	1,105	264	16,608
Taxes and licenses	1,618	3,691	1,170	6,479
Utilities	59,665	64,496	-	124,161
Total	$ 7,081,822	$ 1,342,963	$ 78,996	$ 8,503,781

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND COMMUNITY SETTLEMENT ASSOCIATION

CONSOLIDATED AND COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

	For the year ended December 31, 2024			
	Program Services	Management and General	Fundraising	Total
Amortization	$ -	$ 244	$ -	$ 244
Bank charges	4,438	2,509	458	7,405
Bad debt	-	16,301	-	16,301
Community services and grant	713,597	13,000	592	727,189
Conferences and meetings	12,977	17,331	-	30,308
Depreciation	332,167	49,634	-	381,801
Dues and subscriptions	16,670	1,597	-	18,267
Events	115,546	17,976	-	133,522
Insurance	118,094	-	-	118,094
Interest	94,296	13,740	-	108,036
Investment management fees	325,415	47,418	-	372,833
Lease expenses	113,481	2,290	500	116,271
Mailing and printing	52,417	13,029	2,845	68,291
Professional services	287,078	161,204	20,907	469,189
Public relations	4,850	322	1,375	6,547
Repairs and maintenance	79,552	63,217	-	142,769
Salaries and related benefits	3,719,078	630,710	33,914	4,383,702
Supplies and software	239,983	49,993	16,482	306,458
Local transportation	18,072	3,244	150	21,466
Taxes and licenses	1,270	3,657	996	5,923
Utilities	56,467	65,877	-	122,344
Total	$ 6,305,448	$ 1,173,293	$ 78,219	$ 7,556,960

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND COMMUNITY SETTLEMENT ASSOCIATION

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

	For the year ended December 31, 2025	For the year ended December 31, 2024
Cash flows from operating activities		
Changes in net assets	$ 9,153,678	$ 6,011,702
Adjustments to reconcile changes in net assets to net cash used in operations:		
Net realized and unrealized gains on securities including interest earned on securities	(13,716,043)	(10,339,463)
(Gain) loss on disposal of property and equipment	(6,756)	313
Loss on impairment of building improvement	4,624	-
Depreciation	367,736	381,801
Right of use amortization	92,105	113,790
Changes in operating assets and liabilities:		
Accounts receivable	202,196	(45,293)
Prepaid expenses	(40,193)	5,000
Inventory	2,895	(4,986)
Deferred rent receivable	84,191	124,218
Accounts payable	69,323	(157,385)
Accrued expenses	44,675	(114,264)
Grants payable	213,425	15,000
Deferred grant liability	403,823	-
Deferred compensation	50,620	160,019
Operating lease liability	(97,908)	(119,029)
Net cash flows from operating activities	(3,171,609)	(3,968,577)
Cash flows from investing activities		
Proceeds from sale of investments	14,960,132	15,720,959
Purchases of investments	(10,349,395)	(11,336,471)
Purchases of property and equipment	(42,327)	(143,110)
Purchases to construction in progress	(11,125)	(181,725)
Net cash flows from investing activities	4,557,285	4,059,653
Cash flows from financing activities		
Payments on loan payable	(438,614)	(418,873)
Net cash flows from financing activities	(438,614)	(418,873)

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND COMMUNITY SETTLEMENT ASSOCIATION

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	For the year ended December 31, 2025	For the year ended December 31, 2024
Net increase (decrease) in cash and cash equivalents	947,062	(327,797)
Cash and cash equivalents at beginning of period	794,256	1,122,053
Cash and cash equivalents at end of period	$ 1,741,318	$ 794,256
Supplemental cash flow disclosures:		
Cash paid for interest	$ 88,295	$ 108,036
Cash paid for income taxes	$ 800	$ 800

NOTE 1 - NATURE OF BUSINESS

The Riverside Community Health Foundation (formerly known as Riverside Community Hospital Foundation) ("The Foundation or RCHF") is a nonprofit organization formed in May 1973 under the laws of the state of California. RCHF merged with Community Health Corporation, formerly a 25% owner with HCA (historically known as Hospital Corporation of America) in ownership of Riverside Community Hospital, in 2003 to consolidate their combined mission of providing grants for inpatient and outpatient services, community health education and providing a platform for delivery of medical and dental services to area low-income residents. RCHF is the successor organization.

Riverside Healthcare Plus, LLC ("RHP LLC") was organized in 2014 under the laws of the State of California. RHP LLC was formed as a subsidiary of RCHF for the purpose of effecting the construction improvements and holding of the new administrative and service facility.

The Community Settlement Association of Riverside ("CSA") was incorporated in 1911 under the California Nonprofit Public Benefit Corporation Law. CSA provides programs and activities to meet the needs of low income residents in Riverside, California. CSA offers programs in social services, family counseling, after school programs, and substance abuse counseling. CSA is funded principally by program service fees, United Way allocations, and donations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and combination

During 2016, the board of directors of RCHF and CSA (combined as "the Organizations") jointly resolved to affiliate the two companies providing financial and organizational support to CSA from RCHF. The President of RCHF also became the Executive Director of CSA, and the boards of directors have common membership. As such the financial statements of the two organizations have been combined for reporting purposes. Each individual organization files its required tax reporting independently.

The consolidated and combined financial statements include the accounts of RCHF and RHP LLC (consolidation) and CSA (combined). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of accounting

The consolidated and combined financial statements of the Organizations have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Use of estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and cash equivalents

Cash and cash equivalents include highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Fair value of financial instruments

The Organizations record their assets and liabilities at fair value. Cash and cash equivalents, short term financial instruments, accounts receivable, and accounts payable are reported at their carrying value which approximates fair value because of the short maturity of these instruments and related effective market rates.

Pledges receivable and recognition of contributions revenue

Pledges receivable represent written promises of contributions for various campaigns and are expected to be collected during the next year. Management has determined that pledges receivable are fully collectible, therefore, no allowance for credit losses is considered necessary at December 31, 2025 and December 31, 2024. Pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-605, all pledges which represent unconditional promises to pay are recognized as income and assets in the year secured.

The Organizations report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organizations report gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Donated services and in-kind contributions

The Organization receives contributions of nonfinancial assets, including donated materials, supplies, and professional services. The contribution of goods and services received, that are measurable, are valued at their estimated fair market value and are recorded as revenue when received.

Donated services are recognized if the services received either create or enhance a nonfinancial asset or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services that do not meet these recognition criteria are not recognized in the financial statements. Recognized contributed services are measured at fair value.

The Organization’s policy is to use contributed nonfinancial assets in carrying out its mission and programs whenever practicable. The Organization does not routinely monetize contributed materials, supplies, or professional services unless the contributed item cannot be used effectively in its programs, the donor permits sale, and management determines that monetization would provide greater benefit to the Organization’s mission.

For the years ended December 31, 2025 and 2024, contributed nonfinancial assets recognized in the Statement of Activities consisted of the following amounts, respectively:

	December 31, 2025	**December 31, 2024**
Donated materials and supplies	$ 539,159	$ 551,597
Donated professional services	392,655	-
Total contributed nonfinancial assets	$ 931,814	$ 551,597

Inventory

Inventories consisting of finished goods are stated at the lower of cost or net realizable value.

Property and equipment

Property and equipment is stated on the basis of the Organizations' purchase cost or fair market value upon donation and costs with a fair value of less than $2,500 are expensed. Depreciation is computed by the straight-line method at rates calculated to amortize the costs of the assets over their estimated useful lives. The general range of useful lives is 5 to 45 years. Depreciation expense for 2025 and 2024 was $367,736 and $381,801, respectively.

Income taxes

The Organizations are organized as California nonprofit corporations and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organizations' did not incur Federal and California income tax expense related to unrelated business income tax for the years ended December 31, 2025 and December 31, 2024.

RHP LLC pays $800 in tax and LLC fees to the State of California annually.

The Organizations file returns in the U.S. Federal jurisdiction and the State of California. The Organizations income tax returns are subject to examination by the appropriate jurisdictions.

Reclassification

In order to facilitate comparison of financial information, certain prior year amounts have been reclassified in order to be comparable with current year presentation. There was no impact on changes in net assets with these reclassifications.

Operating lease liability

The Organizations lease corporate facilities and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statements of financial position.

ROU assets represent the Organizations' right to use an underlying asset for the lease term and lease liabilities represent the related obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organizations use their incremental borrowing rate or a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organizations have lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, the Organizations accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organizations' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Irrevocable trust interest
The Foundation has been granted irrevocable interests in certain charitable trusts. Such interests are evaluated each year and recorded as investments in the Foundation records.

Alternative investments
The Foundation uses alternative investment strategies to enhance overall portfolio returns and/or reduce portfolio volatility through the use of investment vehicles that have a low correlation to traditional equity and fixed income asset classes.

Net asset classes
Under ASC 958, an explanation of net assets categories included in the accompanying consolidated and combined financial statements as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Items that affect this net assets category principally consist of certain grants, contributions, gifts, bequests and related income thereon which are available for general operating purposes. The Organizations' board may designate assets without restrictions for specific operational purposes from time to time.

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 Organizations or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Board-designated endowment funds

During the years ended December 31, 2025 and 2024, the Organizations have reviewed the endowment funds and have determined that endowed funds will be classified as either endowment funds Board-designated without donor restrictions or endowment funds with donor restriction.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organizations to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2025 or 2024.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are funds designated by the Board of Directors that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets should be managed in a prudent manner to provide for preservation of capital.

Understanding that risk is present in all types of securities and investment styles, the Board of Directors and Investment Committee recognize that some risk is necessary to produce long-term investment results that are sufficient to meet the Foundation's objectives. However, the Investment Managers are instructed to make reasonable efforts to control risk which will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

In addition to the emphasis on capital preservation, it is important that the fund be managed to provide a consistent and superior long-term total rate of return. The return on the fund shall be composed of a flexible balance of income (interest and dividends) combined with net long-term growth of principal.

A portion of the return derived from the portfolio will be used to advance and support the mission of the Foundation. As such, it is expected that 5 percent of the average portfolio market value of the preceding three years will be withdrawn each year. This is known as the spending rate and is documented in a spending policy approved by the Board of Directors.

For the year ended December 31, 2025, the Foundation had the following endowment-related activities:

	2025 Board - Designated Endowment Fund
Balance at the end of December 31, 2024	$ 95,086,613
Investment income	2,135,077
Net market appreciation	11,127,693
Total additions to endowment funds	13,262,770
Amounts appropriated for expenditure	(4,498,147)
Net change in endowment funds	8,764,623
Balance at the end of December 31, 2025	$ 103,851,236

<u>Functional allocation of expenses</u>

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

A portion of General and Administrative costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Fundraising Services based on the proportion of full-time employee equivalent of a program or fundraising services versus the organizational full-time employee equivalent.

NOTE 3 - INVESTMENTS

Investments at December 31, 2025 and 2024 were as follows:

	December 31, 2025		December 31, 2024	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash held for investment	$ 9,037,655	$ 9,037,655	$ 2,817,712	$ 2,817,712
Investments at fair value:				
Corporate stocks	45,710,392	59,449,611	47,094,687	56,206,166
Corporate bonds	6,193,936	6,247,100	13,159,806	12,810,826
Tangible assets	23,323	38,399	12,823	15,931
Alternative investments	28,428,317	32,321,914	24,091,660	26,138,738
	80,355,968	98,057,024	84,358,976	95,171,661
Total investments	$ 89,393,623	$ 107,094,679	$ 87,176,688	$ 97,989,373

A significant amount of the above investments is held in three trust accounts at three investment firms. Two of the investment firms act as the investment agent for these assets, execute all investment transactions based upon investment policies of the Foundation, and are in physical control of all securities. The Foundation relies upon the investment firms custodians' accounting system for the recording and processing of all investment related information.

NOTE 4 - FAIR VALUE OF INVESTMENTS

The Foundation adopted Financial Accounting Standards Board Accounting Standards Codification FASB ASC 820, which provides a framework for measuring fair value under GAAP. FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements.

FASB ASC 820 also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Inputs are unobservable inputs for the asset or liability.

It is the Foundation's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on the portfolio manager's current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

The Foundation's investment in debt and equity securities are recorded at fair value on a recurring basis. The value is developed from market data. As such, these investments are classified as Level 1. Unrealized and realized gains and losses are reported in the statement of activities. Net unrealized and realized gains for the years ended December 31, 2025 and 2024 were $8,772,058 and $6,163,309, respectively. Realized gains or losses for securities sold at fair market value are recognized when incurred. The cost basis of the investments at December 31, 2025 and 2024 were $51,904,328 and $60,254,493, respectively. Investment interest and dividend income is reported net of investment management fees for the years ended December 31, 2025 and 2024.

Alternative investments

Management determines the fair value of the Foundation's alternative investments using third party administrators that independently calculate the funds' fair value/NAV on a weekly or sometimes daily basis. The administrators typically receive a direct feed from the funds' prime broker and price the funds securities independently of the manager and classify the fair value measurement of alternative investments as Level 1, 2, and 3. Net unrealized and realized gains (losses) are reported in the consolidated and combined statements of activities. Net unrealized and realized gains for the years ended December 31, 2025 and 2024 were $2,482,253 and $1,870,617, respectively. Realized gains or losses for securities sold at fair market value are recognized when incurred. At December 31, 2025 and 2024, the cost basis of the investments were $28,428,317 and $24,091,660, respectively.

Risk and uncertainties

The Foundation's Level 3 investments consists of alternative investments, as noted above, which are exposed to various risks, such as interest rate, market, and credit risk, as well as valuation assumptions based on earnings, cash flows, and other such techniques. Due to the level of risk associated with alternative investments and to uncertainties inherent in estimates and assumptions, it is at least reasonably possible that changes in the value of the alternative investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair value measurement

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Corporate stocks	$ 59,449,611	$ 59,449,611	$ -	$ -
Corporate bonds	6,247,100	6,247,100	-	-
Tangible assets	38,399	-	38,399	-
Alternative investments	32,321,914	-	-	32,321,914
	$ 98,057,024	$ 65,696,711	$ 38,399	$ 32,321,914

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Corporate stocks	$ 56,206,166	$ 56,206,166	$ -	$ -
Corporate bonds	12,810,826	12,810,826	-	-
Tangible assets	15,931	-	15,931	-
Alternative investments	26,138,738	-	-	26,138,738
	$ 95,171,661	$ 69,016,992	$ 15,931	$ 26,138,738

Changes in level 3 instruments

The table below summarizes the activity for investments in debt and equity securities classified as alternative investments measured at fair value on a recurring basis using significant Level 3 inputs for the years ended December 31, 2025 and 2024.

	December 31, 2025	December 31, 2024
Balance at beginning of year	$ 26,138,738	$ 23,994,033
Purchases	3,859,253	4,836,044
Withdrawals	(623,823)	(4,637,421)
Interest	465,493	75,465
Net realized/unrealized gains included in income	2,482,253	1,870,617
Balance at end of year	$ 32,321,914	$ 26,138,738

NOTE 5 - EMPLOYEE BENEFIT PLANS

The Foundation employees are participants in a voluntary salary reduction plan pursuant to Sec. 403(B) of the Internal Revenue Code. Employer contributions are on a discretionary basis.

During 2003, the Foundation established a deferred compensation plan for certain key employees pursuant to Section 457 of the Internal Revenue Code. Under the plan, an employee may elect to defer up to $18,000 of compensation per year. The Foundation shall fund the deferred compensation plan equal to 12% of the salary on behalf of the employees. The total liability of the deferred compensation plan as of December 31, 2025 and 2024 was $1,028,178 and $977,558, respectively, which was funded in its entirety.

The Foundation's employer contribution to all benefit plans during the years ended December 31, 2025 and 2024 was $47,480 and $45,378, respectively.

NOTE 6 - TERM LOAN PAYABLE

During December 2019, the Foundation entered into a loan payable agreement with a bank to refinance the prior outstanding debt. The Foundation borrowed $4,326,000, bearing interest at 4%, and maturing January 1, 2030. The loan is payable in monthly principal and interest installments of $43,909. The note is secured by all real property held by the Foundation. On December 31, 2025 and 2024, the balance of the term was $1,980,753 and $2,419,367, respectively.

The following maturities of the loan payable for the years ended:

Years ending December 31,		
2026	$	454,987
2027		473,786
2028		493,250
2029		513,742
2030		44,988
	$	1,980,753

NOTE 7 - OPERATING LEASE LIABILITY

The Foundation has obligations as a lessee for their corporate facilities with initial noncancelable terms in excess of one year. The Foundation classified these leases as operating leases. The Foundation's leases do not include restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus variable payments. Such variable payments are for the leased building's property taxes, insurance, and maintenance. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

The balance of the right of use asset is as follows as of:

	December 31, 2025	December 31, 2024
Right of use assets, beginning of year	$ 141,184	$ 254,974
Current year amortization	(92,105)	(113,790)
Right of use assets, end of year	$ 49,079	$ 141,184

The maturities of lease liabilities were as follows:

Years ending December 31,	
2026	$ 45,378
2027	7,600
Total remaining lease payments	52,978
Less: interest	(1,111)
Present value - operating lease liability	51,867
Less: current portion	(44,280)
Operating lease liability - long-term portion	$ 7,587

The following summarizes the weighted average remaining lease term and discount rate for the Foundation's operating leases:

	December 31, 2025
Weighted average remaining lease term	1.08 years
Weighted average discount rate	4%

NOTE 8 - GIFT ANNUITY FUND

During the fiscal year ended May 31, 1995, the Foundation established a gift annuity program as an additional means to increase contributions. Under this program, the Foundation received cash and investments from donors and provided the donors with an Annuity Contract that promised fixed payments to named beneficiaries at a future date. At the time a donation is received, the Foundation calculates the estimated future liability for annuity payments and records this amount. The State of California regulates such programs and requires a reserve amount to be separately invested for all annuity contracts; funds in this reserve account can only be used to reimburse the Foundation each year for the annuity payments made. Contribution revenue is recorded for that part of the donation that is in excess of the estimated future liability. There were no new annuitants added in 2025 or 2024. The Foundation's total beneficiary distributions during the years ended December 31, 2025 and 2024 were $630 and $630, respectively.

NOTE 9 - CONCENTRATIONS AND CREDIT RISK

Cash and cash equivalents

The Foundation maintains its cash balances at three financial institutions. Accounts at each institution are guaranteed by the Federal Deposit Insurance Corporation, (FDIC) up to $250,000. At various times during the years ended December 31, 2025 and 2024, the Foundation's cash balances exceeded the FDIC insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash.

Contributors and donors

For the year ended December 31, 2025, revenues from one significant contributor and donor accounted for 22% of total revenues. For the year ended December 31, 2024, revenues from one significant contributor and donor accounted for 16% of total revenues. Accounts receivable from three significant contributors and donors accounted for 61% of the total accounts receivable at December 31, 2025. Accounts receivable from two significant contributors and donors accounted for 52% of the total accounts receivable at December 31, 2024.

Vendors

There were no significant vendors comprising accounts payable outstanding as of December 31, 2025. Accounts payable due to one significant vendor comprised 34% of the total accounts payable outstanding at December 31, 2024.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the consolidated and combined statements of financial position date for general expenditure are as follows:

	December 31, 2025	December 31, 2024
Cash and cash equivalents	$ 1,741,318	$ 794,256
Investments	107,094,679	97,989,373
Accounts receivable	491,679	693,875
Total financial assets available within one year	109,327,676	99,477,504

	December 31, 2025	December 31, 2024
Less: amounts unavailable for general expenditures within one year due to:		
Board-designated endowment	103,851,236	95,086,613
Restricted by donors with purpose restrictions	1,940,227	1,652,686
Restricted by donors in perpetuity	31,393	31,393
Total amounts unavailable for general expenditures within one year	105,822,856	96,770,692
Total financial assets available to management for general expenditure within one year	$ 3,504,820	$ 2,706,812

The Organizations board-designated endowment of $103,851,236 is subject to an annual spending rate of 5 percent as described in Note 2. Although the Organizations do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31, 2025	December 31, 2024
Subject to expenditure for specified purposes:		
Stebler Fund	$ 1,091,971	$ 1,003,142
Other grants and programs	879,649	680,937
Total subject to expenditure for specified purposes	1,971,620	1,684,079
Total net assets with donor restrictions	$ 1,971,620	$ 1,684,079

NOTE 12 - COMMITMENTS

<u>Lease revenue</u>

The Organizations lease land and buildings it owns in Riverside, California as operating leases under the adopted FASB ASC 842. The leases require various monthly payments that range from $14,616 to $31,211 through August 31, 2028. Rental income attributable to these properties for the years ended December 31, 2025 and 2024 was $678,508 and $607,380, respectively.

Future minimum rental commitments are as follows:

Years ending December 31,		
2026	$	804,896
2027		829,146
2028		563,542
	$	2,197,584

NOTE 13 - SUBSEQUENT EVENTS

On March 5, 2026, the Foundation entered into a variable-rate revolving line of credit agreement with Columbia Bank with a maximum principal amount of $1,000,000. The line of credit matures on March 1, 2027. Interest accrues on the unpaid principal balance of each advance. Monthly payments of accrued unpaid interest commenced on April 1, 2026, with all outstanding principal and accrued unpaid interest due at maturity. The line of credit is secured by collateral described in the related security instruments, including certain real and personal property.

In April 2026, the Foundation decided to change the scope of its proposed construction project under the Health Resources and Services Administration (HRSA), an agency of the U.S. Department of Health and Human Services. The project originally called for the improvements of two of the Foundation's properties. A decision was made to concentrate the funding from HRSA on one property. Cost have been incurred and reimbursed from HRSA for both properties. As such, a refund in the amount of $77,101 for funds received on the discontinued property will be due to the U.S. Department of Health and Human Services.

Management has evaluated subsequent events through July 31, 2026, the date the financial statements were available to be issued, and concluded that there were no other events that require recording or disclosure in the consolidated and combined financial statements as of December 31, 2025.

SUPPLEMENTAL INFORMATION

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND
COMMUNITY SETTLEMENT ASSOCIATION

SCHEDULE I - COMBINING STATEMENT OF FINANCIAL POSITION

	December 31, 2025			
	Riverside Community Health Foundation	**Community Settlement Association**	**Eliminations**	**Total**
Assets				
Current assets:				
Cash and cash equivalents	$ 1,622,731	$ 118,587	$ -	$ 1,741,318
Investments	107,094,679	-	-	107,094,679
Accounts receivable, net of unearned revenue	434,140	57,539	-	491,679
Inventory	73,844	-		73,844
Prepaid expenses	103,345	6,530	-	109,875
Total current assets	109,328,739	182,656	-	109,511,395
Property and equipment:				
Land	1,113,061	105,966	-	1,219,027
Buildings and leasehold improvements	12,011,716	1,148,025	-	13,159,741
Furniture and equipment	296,932	114,575	-	411,507
Transportation equipment	134,281	-		134,281
Construction in progress	188,225	-	-	188,225
	13,744,215	1,368,566	-	15,112,781
Accumulated depreciation	(4,426,105)	(646,443)	-	(5,072,548)
Total property and equipment, net	9,318,110	722,123	-	10,040,233
Other assets:				
Deferred rent receivable	8,084	-	-	8,084
Right of use assets, net of amortization	49,079	-	-	49,079
Total other assets	57,163	-	-	57,163
Total assets	$ 118,704,012	$ 904,779	$ -	$ 119,608,791

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND COMMUNITY SETTLEMENT ASSOCIATION

SCHEDULE I - COMBINING STATEMENT OF FINANCIAL POSITION

	December 31, 2025			
	Riverside Community Health Foundation	**Community Settlement Association**	**Eliminations**	**Total**
Liabilities and net assets				
Current liabilities:				
Accounts payable	$ 94,625	$ 47,690	$ -	$ 142,315
Accrued expenses	283,356	-	-	283,356
Grants payable	258,425	-	-	258,425
Deferred grant liability	328,823	75,000		403,823
Term loan payable, current portion	454,987	-	-	454,987
Operating lease liability, current portion	44,280	-	-	44,280
Total current liabilities	1,464,496	122,690	-	1,587,186
Long-term liabilities:				
Term loan payable, net of current portion	1,525,766	-	-	1,525,766
Operating lease liability, net of current portion	7,587	-	-	7,587
Total long-term liabilities	1,533,353	-	-	1,533,353
Other liabilities:				
Estimated future liability for annuity payments	53,586	-	-	53,586
Deferred compensation	1,028,178	-	-	1,028,178
Total other liabilities	1,081,764	-	-	1,081,764
Total liabilities	4,079,613	122,690	-	4,202,303
Net Assets:				
Without donor restrictions	112,863,622	571,246	-	113,434,868
With donor restrictions	1,760,777	210,843	-	1,971,620
Total net assets	114,624,399	782,089	-	115,406,488
Total liabilities and net assets	$ 118,704,012	$ 904,779	$ -	$ 119,608,791

RIVERSIDE COMMUNITY HEALTH FOUNDATION AND COMMUNITY SETTLEMENT ASSOCIATION

SCHEDULE II - COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	For the year ended December 31, 2025			
	Riverside Community Health Foundation	**Community Settlement Association**	**Eliminations**	**Total**
Revenues:				
Grants and contributions	$ 1,984,733	$ 658,703	$ (445,616)	$ 2,197,820
In-kind contributions	392,655	539,159		931,814
Service fees	81,815	-	-	81,815
Rental income	678,508	-	-	678,508
Fundraising	49,327	-	-	49,327
Total revenues	3,187,038	1,197,862	$ (445,616)	3,939,284
Other gains and losses:				
Interest and dividends, net	2,461,732	-	-	2,461,732
Gain (loss) on disposal of asset	(4,363)	11,119	-	6,756
Loss on impairment of building improvement	(4,624)	-	-	(4,624)
Net unrealized and realized gain on investments	11,254,311	-	-	11,254,311
Total other gains and losses	13,707,056	11,119	-	13,718,175
Total revenues and gains and losses	16,894,094	1,208,981	(445,616)	17,657,459
Expenses:				
Grants/Program services	6,428,533	1,098,905	(445,616)	7,081,822
Management and general	1,130,830	212,133	-	1,342,963
Fundraising	78,996	-	-	78,996
Total expenses	7,638,359	1,311,038	(445,616)	8,503,781
Change in net assets	9,255,735	(102,057)	-	9,153,678
Net assets at beginning of period	105,368,664	884,146	-	106,252,810
Net assets at end of period	$ 114,624,399	$ 782,089	$ -	$ 115,406,488