

HumanGood Foundation

Financial Statements and
Supplementary Information

December 31, 2025

HumanGood Foundation
(Member of HumanGood Cornerstone)

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Independent Auditors' Report

To the Board of Trustees of
HumanGood Foundation

Opinion

We have audited the financial statements of HumanGood Foundation (the Foundation), which comprise the balance sheet as of December 31, 2025, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Audit 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 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 the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining information, as identified in the table of contents, is presented for purposes of additional analysis of the financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the financial statements. The supplementary information includes combining statement of activities for HumanGood Foundation West and HumanGood Foundation South for the year ended December 31, 2025. 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 combining information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
June 15, 2026

HumanGood Foundation
(Member of HumanGood Cornerstone)

Balance Sheet
December 31, 2025
(In Thousands)

Assets

Current Assets

Cash \$ 599

Total current assets 599

Designated Investments 11,433

Restricted Investments 133,694

Other Assets 99

Total assets \$ 145,825

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses \$ 162

Payable to affiliates 186

Total current liabilities 348

Obligations Under Annuity Agreements 3,374

Other Liabilities 16

Total liabilities 3,738

Net Assets

Without donor restrictions 11,517

With donor restrictions 130,570

Total net assets 142,087

Total liabilities and net assets \$ 145,825

See notes to financial statements

HumanGood Foundation
(Member of HumanGood Cornerstone)

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2025
(In Thousands)

Changes in Net Assets Without Donor Restrictions

Revenue and other support:	
Net assets released from restrictions	\$ 3,935
Unrestricted contributions	153
Affiliate support	905
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Total revenue and other support	4,993
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Expenses:	
Salaries and wages	661
Employee benefits	118
Supplies	9
Marketing and advertising	15
Purchased services	65
Utilities	3
Travel and related	39
Other operating expenses	90
Distributions to affiliates	3,950
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Total expenses	4,950
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Revenue and other support in excess of expenses	43
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Other Changes in Net Assets Without Donor Restrictions

Realized gains on investments, net	141
Change in unrealized gains on investments, net	1,381
Investment income, net	287
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Change in net assets without donor restrictions	1,852
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Changes in Net Assets With Donor Restrictions

Realized gains on investments, net	1,956
Change in unrealized gains on investments, net	11,302
Investment income, net	2,873
Contributions	4,666
Net assets released from restrictions for benevolence	(2,244)
Net assets released from restrictions for special project funds	(1,691)
Contractual payments to beneficiaries	(871)
Contractual liability adjustments	168
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Change in net assets with donor restrictions	16,159
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Change in net assets	18,011
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Net Assets, Beginning	124,076
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Net Assets, Ending	\$ 142,087
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See notes to financial statements

HumanGood Foundation
(Member of HumanGood Cornerstone)

Statement of Cash Flows
Year Ended December 31, 2025
(In Thousands)

Cash Flows From Operating Activities

Cash received from other operating activities	\$ 934
Cash received from bequests and trust maturities	153
Cash earnings realized from investments	3,160
Cash paid for employee salaries	(641)
Cash paid for employee benefits	(116)
Cash paid to vendors	(217)
Distributions to affiliates	<u>(3,950)</u>

Net cash used in operating activities (677)

Cash Flows From Investing Activities

Net proceeds of unrestricted investments	2,400
Net purchases of restricted investments	<u>(3,993)</u>

Net cash used in investing activities (1,593)

Cash Flows From Financing Activities

Cash paid for intercompany and affiliate transactions	(336)
Cash paid for other trust activity	(631)
Cash received from restricted contributions	<u>4,666</u>

Net cash provided by financing activities 3,699

Increase in cash and cash equivalents 1,429

Cash and Cash Equivalents, Beginning 1,517

Cash and Cash Equivalents, Ending \$ 2,946

Reconciliation of Cash and Cash Equivalents to Balance Sheet

Cash	\$ 599
Cash included in restricted investments	<u>2,347</u>

Total cash and cash equivalents \$ 2,946

HumanGood Foundation (Member of HumanGood Cornerstone)

Notes to Financial statements
December 31, 2025

1. Business and Organization

HumanGood Foundation (the Foundation) is a California nonprofit public benefit tax-exempt foundation whose primary purpose is to develop, invest and administer funds to provide housing and care on behalf of the HumanGood affiliates described below. The Foundation's principal activity is to administer such funds under donor agreements. The Foundation was formed in December 2025 through the merger of HumanGood Foundation South into HumanGood Foundation West. Simultaneously, HumanGood Foundation West's name was changed to HumanGood Foundation and its previous sole member (HumanGood NorCal) transferred its sole membership interest to HumanGood Cornerstone.

Prior to formation of the Foundation, HumanGood Foundation West and HumanGood Foundation South were separate California nonprofit public benefit tax-exempt Foundations. HumanGood NorCal (NorCal) was the sole member of HumanGood Foundation West and HumanGood SoCal (SoCal) was the sole member of HumanGood Foundation South.

Parent Organization

HumanGood Cornerstone (a Member of HumanGood), a California nonprofit public benefit tax-exempt corporation, is the sole member and exercises its direction and control through the appointment of the Boards of Directors of the Foundation, HumanGood Arizona, Inc. (dba Terraces of Phoenix), HumanGood Washington (dba Judson Park), HumanGood Nevada (dba Las Ventanas), HumanGood Idaho (dba Terraces of Boise), HumanGood East, HumanGood Affordable Housing, West Valley Nursing Homes, Inc. (dba The Terraces at Summitview) including its subsidiary, HG Hillside LLC, Springhouse, Inc., Mount Pleasant Home and HG Perennial LLC.

HumanGood is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for seniors through its LPCs and affordable housing communities. HumanGood is the sole member of HumanGood Cornerstone, HumanGood Fresno (dba Terraces at San Joaquin Gardens), SoCal and NorCal. HumanGood Fresno, SoCal and NorCal together constitute an obligated group (HumanGood California Obligated Group or COG).

HumanGood and HumanGood Cornerstone's Boards are composed of the same directors.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reported periods. Significant items subject to such estimates and assumptions include fair values of investments and valuation of split-interest agreements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits with financial institutions and overnight investments considered to be cash equivalents. For the purposes of the statement of cash flows, cash, cash equivalents and cash equivalents included in restricted investments include investments purchased with an initial maturity of three months or less.

Investments

Investments include certain cash and cash equivalents held by investment managers, mutual funds, equity securities, exchange-traded funds and closed-end funds, corporate debt, U.S. government securities, municipal bonds, and alternative investments and are stated at fair value in the accompanying balance sheet.

HumanGood Foundation (Member of HumanGood Cornerstone)

Notes to Financial Statements
December 31, 2025

Investment income or loss (including interest, dividends, and fees), realized gains and losses, and changes in unrealized gains and losses on investments are included in the statement of activities and changes in net assets. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Foundation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair value reported is subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported could change materially in the near term.

Restricted Investments

Certain investments are restricted as assets held in trust. These include assets set aside in accordance with various trust agreements with third parties, including donors. Assets held in trust as well as assets managed with donor restrictions are classified as restricted investments in the accompanying balance sheet (Note 4).

Designated Investments

Designated investments are designated by the Board of Directors primarily for future innovation projects.

Obligations Under Annuity Agreements

In conjunction with certain giving arrangements, the Foundation is required to pay a certain sum of money to the donor or a designated beneficiary, and, consequently, a liability is reflected in obligations under annuity agreements in the accompanying balance sheet.

These types of arrangements are summarized as follows:

Gift Annuities Fund

As consideration for gifts made to the Foundation, the Foundation enters into agreements to pay fixed annual payments to the donors or their beneficiaries for life. In accordance with Section 11521 of the California Insurance Code, a liability has been established for the future payments under the outstanding annuity contracts. The annual computation of the restricted amount of the gift is based upon the 2012 Individual Annuity Reserving Mortality Table, with an interest assumption at 5% per annum. Assets in excess of liabilities, if any, related to these annuities are available for the use of the Foundation with the approval of the California Department of Insurance.

Annuity Trusts

Annuity trusts are trust agreements that provide for a fixed annual payment of not less than 6% of the initial value of trust assets to one or more income beneficiaries, with an irrevocable remainder interest contributed to charity. The annual payment never varies, regardless of trust income or the appreciation or depreciation in the value of trust assets.

Unitrusts

Unitrusts are trust agreements that are similar to annuity trusts, except that the annual payout generally is a fixed percentage, ranging from 5% to 7% of the value of the trust assets valued annually. In general, the unitrust beneficiary payment amounts rise and fall in proportion to the value of trust assets. In certain cases, the payout from unitrusts may be tied to trust income.

HumanGood Foundation (Member of HumanGood Cornerstone)

Notes to Financial Statements
December 31, 2025

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenues not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are included in net assets released from restrictions in the accompanying statement of activities and changes in net assets.

The Foundation and the HumanGood affiliates are financially interrelated organizations, and accordingly, the amounts raised by the Foundation on behalf of HumanGood and its affiliates are included within the Foundation's net assets with donor restrictions and related activity.

Also included in net assets with donor restrictions are assets held in trust under life annuity gifts. The assets are valued at fair value in accordance with the requirements of the specific trust agreements. The Foundation is required to pay a certain portion of the annual income from these assets to the donor or a designated beneficiary for the life of the donor or the beneficiary. Such amounts have been estimated and are reflected as obligations under annuity agreements in the accompanying balance sheet. The remaining assets will revert to the Foundation at the donor or beneficiary's death. The portion of assets received in excess of that required to meet the annuity's obligations has been recognized as a contribution at the time received.

Assets received from external trusts that are controlled by third-party trustees are recognized at the present value of the estimated future distributions to be received by the Foundation over the term of the agreement.

Tax-Exempt Status

The Foundation is organized as a California nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board.

The Foundation assesses uncertain tax positions in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10, *Income Taxes*. The Foundation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Foundation recognizes interest and penalties related to income tax matters in operating expenses. As of December 31, 2025, there were no such uncertain tax positions.

HumanGood Foundation (Member of HumanGood Cornerstone)

Notes to Financial Statements
December 31, 2025

3. Liquidity and Availability of Resources

The Foundation has financial assets available for utilization within one year of the balance sheet date, which consist of the following as of December 31, 2025 (in thousands):

Cash	\$	599
Designated investments		<u>11,433</u>
Total	\$	<u>12,032</u>

The Foundation has assets reserved for future gift annuity payments and donor-restricted purposes. Additionally, designated investments noted above are internally designated for long-term purposes. These investments are not intended to be used for general expenditure within the next year; however, designated investments could be made available, if necessary.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. These funds may be drawn upon, if necessary, to meet unexpected liquidity needs.

4. Designated Investments, Restricted Investments and Fair Value Measurements

The composition of designated investments and restricted investments as of December 31, 2025 is set forth in the following table (in thousands):

Designated investments:	
Cash and cash equivalents	\$ 122
Mutual funds	1,169
Equity securities	1,617
Exchange-traded funds and closed-end funds	5,151
Corporate debt	843
U.S. government securities	1,100
Municipal bonds	257
Alternative investments	<u>1,174</u>
Total designated investments	<u>11,433</u>
Restricted investments:	
Cash and cash equivalents	2,347
Mutual funds	21,542
Equity securities	12,765
Exchange-traded funds and closed-end funds	54,024
Corporate debt	13,012
U.S. government securities	15,334
Municipal bonds	3,047
Alternative investments	<u>11,623</u>
Total restricted investments	<u>133,694</u>
Total designated investments and restricted investments	<u>\$ 145,127</u>

HumanGood Foundation (Member of HumanGood Cornerstone)

Notes to Financial Statements
December 31, 2025

Investments held as of December 31, 2025 are comprised of the following (at fair value) (in thousands):

Restricted investments:	
Donor-restricted investments, including investments held in trust under revocable trust, gift annuity, annuity trust or unitrust agreements	\$ 133,694
Total restricted investments	133,694
Designated investments (innovation fund)	11,433
Total designated investments and restricted investments	\$ 145,127

Investment Returns

Investment returns for the year ended December 31, 2025 are as follows (in thousands):

Total investment income, net	\$ 3,160
Total realized gains on investments	2,097
Total net change in unrealized gains on investments	12,683
Total	\$ 17,940

Investment income including total dividend, interest and other investment income is net of expenses of \$412,000 for the year ended December 31, 2025.

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements* defines fair value as 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. FASB ASC Topic 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes 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; or net asset value (NAV) per share (or its equivalent) with the ability to redeem the investments in the near term.

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

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy:

- Mutual funds - Mutual funds registered with the U.S. Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940 are valued based on quoted market prices and are categorized as Level 1.
- Equity securities (domestic and foreign), exchange-traded funds and closed-end funds - Securities that are actively traded on a securities exchange are valued based on quoted prices from the applicable exchange and are categorized as Level 1.

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Notes to Financial Statements
December 31, 2025

- Corporate debt (domestic and foreign) - Investment-grade bonds are valued using inputs and techniques which include third-party pricing vendors, dealer quotations and recently executed transactions in securities of the issuer or comparable issuers. To the extent that these inputs are observable and timely, the values are categorized as Level 2.
- U.S. government securities - Government securities are valued based on prices provided by third-party vendors that obtain feeds from a number of live data sources, including active market makers and interdealer brokers. To the extent that these inputs are observable and timely, values are categorized as Level 2.
- Municipal bonds - Municipal bonds are valued using inputs and techniques which include identification of similar issues and market activity. To the extent that these inputs are observable and timely, values are categorized as Level 2.
- Alternative investments valued at NAV - Alternative investments are valued at NAV per share of the underlying investment fund. In accordance with Accounting Standards Update No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate NAV per Share (or Its Equivalent)*, investments are not categorized within the fair value hierarchy.

Designated investments and restricted investments in the accompanying balance sheet include \$12,797,000 of alternative investment funds (the Funds) at December 31, 2025. The Funds are measured using the NAV per share as a practical expedient. The following represents the objectives and redemption restrictions for the significant Funds held by the Foundation:

Boyd Watterson GSA Fund - The fund's objective is to generate a stable stream of investment-grade current income by investing in properties leased to the U.S. General Services Administration (GSA). GSA leases are considered to be backed by the full faith and credit of the U.S. Government. The fund offers quarterly liquidity with a 60-day notice, subject to a quarterly cap on total fund redemptions. There were no unfunded commitments related to this fund as of December 31, 2025. The Foundation's balance in the fund was \$2,913,000 as of December 31, 2025.

Blackstone Total Alternative Solution V - The fund provides diversified exposure to Blackstone's alternative investment strategies primarily through direct investment level exposure to a mix of Blackstone funds that are all within a four-year investment period. This fund is illiquid with a 2019 vintage year, and has a 10-year fund term, subject to two 2-year extensions. There were no unfunded commitments related to this fund and the fund's life was beyond the investment period as of December 31, 2025. The Foundation's balance in the fund was \$4,863,000 as of December 31, 2025.

Bridge Workforce & Affordable Housing II - The fund seeks to acquire or develop workforce and affordable housing assets, including workforce and affordable multi-family housing communities and manufactured housing assets located throughout the United States. The fund's objectives included regular quarterly distributions, capital appreciation, and capital preservation / careful risk management. This fund is illiquid with a 2022 vintage year and has a 10-year fund term, subject to two one-year extensions. There were no unfunded commitments related to this fund and the fund's life was beyond the investment period as of December 31, 2025. The Foundation's balance in the fund was \$1,259,000 as of December 31, 2025.

PIMCO Bravo IV - The fund aims to fill capital gaps created by financial institutions having to de-lever to create more efficient balance sheets, or traditional lenders being forced to reduce their lending footprint to certain sectors to meet a legal or regulatory requirement. The portfolio is global in nature and further diversified by capital structures that include debt and equity. This fund is illiquid with a 2022 vintage year and has a 7-year fund term, subject to two 18-month extensions. There were no unfunded commitments related to this fund and the fund's life was beyond the investment period as of December 31, 2025. The Foundation's balance in the fund was \$896,000 as of December 31, 2025.

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Notes to Financial Statements
December 31, 2025

Lexington Capital Partners X - The fund aims to construct a globally diversified portfolio of secondary interests in established private investment funds across Buyout, Growth, and Venture Capital. The fund will be diversified by transaction types, asset classes, deal structured, and geographies. This fund is illiquid with a 2023 vintage year and has a 10-year fund term, subject to three one-year extensions. The fund was 59.70% called with three years remaining on its investment period as of December 31, 2025. The Foundation's balance in the fund was \$1,121,000 as of December 31, 2025.

The following table presents the fair value measurements of financial instruments recognized in the accompanying balance sheet measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall as of December 31, 2025 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Designated and restricted investments:				
Mutual funds:				
Equity	\$ 4,208	\$ -	\$ -	\$ 4,208
Fixed income	12,949	-	-	12,949
Open funds	5,554	-	-	5,554
Equity securities:				
Domestic	10,361	-	-	10,361
Foreign	4,021	-	-	4,021
Exchange-traded funds and closed-end funds	59,175	-	-	59,175
Corporate debt:				
Domestic	-	10,478	-	10,478
Foreign	-	3,377	-	3,377
U.S. government securities	-	16,434	-	16,434
Municipal bonds	-	3,304	-	3,304
Total investments, designated investments and restricted investments measured at fair value	<u>\$ 96,268</u>	<u>\$ 33,593</u>	<u>\$ -</u>	129,861
Alternative investments valued at NAV				12,797
Cash and cash equivalents				<u>2,469</u>
Total designated investments and restricted investments:				<u>\$ 145,127</u>

HumanGood Foundation (Member of HumanGood Cornerstone)

Notes to Financial Statements
December 31, 2025

5. Net Assets With Donor Restrictions

Net assets with donor restrictions for the year ended December 31, 2025 are comprised of the following (in thousands):

Benevolence	\$	100,078
Purpose restricted		18,586
Funds held by trustee		4,682
Restricted in perpetuity		<u>7,224</u>
Total	\$	<u>130,570</u>

Net assets with donor restrictions for the year ended December 31, 2025 are held on behalf of the following beneficiaries (in thousands):

HumanGood California Obligated Group	\$	107,740
HumanGood National Obligated Group		9,312
HumanGood Nevada		3,538
HumanGood Idaho		935
HG Hillside LLC		102
Affordable housing and other beneficiaries		<u>8,943</u>
Total	\$	<u>130,570</u>

6. Endowment Funds

Donor-Restricted Endowment Funds

The Foundation's endowment funds consist of approximately 22 individual donor-restricted funds established primarily for benevolence and are recorded in net assets with donor restrictions in the accompanying balance sheet.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies net assets with donor restrictions of the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The investment earnings of the donor-restricted endowment funds are classified as donor-restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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 include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

**HumanGood Foundation
(Member of HumanGood Cornerstone)**

Notes to Financial Statements
December 31, 2025

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 capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The changes in endowment net assets with donor restriction for the year ended December 31, 2025, are as follows (in thousands):

	2025		
	Donor Purpose Restricted	Donor Restricted to be Held in Perpetuity	Total
Endowment net assets, beginning	\$ 4,709	\$ 7,017	\$ 11,726
Investment return:			
Investment income	1,671	-	1,671
Contributions	-	207	207
Appropriation of endowment assets for expenditure	(511)	-	(511)
Endowment net assets, ending	<u>\$ 5,869</u>	<u>\$ 7,224</u>	<u>\$ 13,093</u>

Quasi Endowment Funds

Benevolent Care Funds

The Foundation's benevolent care funds are made up of purpose restricted funds to support the benevolent care needs of residents of the HumanGood affiliates. The Foundation adopted investment and spending policies to attempt to provide a stream of funding to support the benevolent care needs while seeking to preserve the funds' assets operating as a quasi-endowment, however, no amounts are restricted in perpetuity. For purposes of spending, 4% of the trailing 12-quarter average fund balance valued as of December 31st of each year is available to be appropriated. The Foundation's board does have the discretion to spend amounts over or under 4% annually if the purpose restrictions are met. The Foundation relies on a long-term maximum total investment yield strategy with a moderate risk tolerance in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The changes in the benevolent care funds net assets with donor restriction for the year ended December 31, 2025, are as follows (in thousands):

Benevolent care funds net assets, December 31, 2024	\$ 84,549
Contributions	5,430
Disbursements	(2,244)
Net investment returns	<u>12,343</u>
Benevolent care funds, December 31, 2025	<u>\$ 100,078</u>

**HumanGood Foundation
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Notes to Financial Statements
December 31, 2025

Innovation Fund (Board Designated)

During 2025, the Foundation's Board designated a portion of net assets without donor restrictions to support grants that promote service innovation and the development or expansion of programs benefiting HumanGood communities (the Innovation Fund). The initial principal of \$10,000,000 is intended to serve as a minimum balance to be maintained. The Foundation has adopted investment and spending policies intended to provide a consistent stream of funding to support the Innovation Fund's objectives while preserving its long-term value, effectively operating as a quasi-endowment; however, no amounts are subject to donor-imposed perpetual restrictions. As these amounts are internally designated rather than donor-restricted, they remain classified as net assets without donor restrictions and may be expended at the discretion of the Board. Annual investment earnings are transferred to an unrestricted earnings fund and used to support Board-approved grants. The Foundation maintains formal policies governing spending, grant approvals, including criteria related to strategic alignment, measurable outcomes, and sustainability. The Foundation retains discretion over both the timing and amount of distributions in furtherance of its mission.

The balance of the Innovation Fund as of December 31, 2025 was \$11,433,000. Distributions from the fund during 2025 were \$68,000.

7. Functional Expenses

The Foundation administers donations, grants and bequests and performs fundraising functions for its affiliated entities. The financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses relating to providing these services are approximately as follows at December 31, 2025 (in thousands):

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ -	\$ 185	\$ 476	\$ 661
Employee benefits	-	33	85	118
Supplies	-	9	-	9
Marketing and advertising	-	15	-	15
Purchased services	-	65	-	65
Utilities	-	3	-	3
Travel and related	-	-	39	39
Other operating expenses	68	22	-	90
Distributions to affiliates	3,950	-	-	3,950
Total	<u>\$ 4,018</u>	<u>\$ 332</u>	<u>\$ 600</u>	<u>\$ 4,950</u>

8. Transactions With Affiliates

The Foundation owed \$186,000 to its affiliates as of December 31, 2025. These balances are settled in the normal course of operations with no fixed repayment terms. Amounts payable to affiliates primarily include cost allocations for certain centralized services such as payroll, benefits and insurance (including 401(k) employee benefit plan, workers compensation, professional liability and health insurance), and purchase cards payable to COG. During 2025, the Foundation distributed approximately \$3,950,000 to its affiliates. Additionally, the Foundation received support from its affiliates of \$905,000 to substantially cover the cost of its operating expenses which is included in affiliate support in the accompanying statement of activities and changes in net assets.

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Notes to Financial Statements
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9. Concentrations of Credit Risk

The Foundation maintains cash and cash equivalents accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses from maintaining cash and cash equivalents accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash and cash equivalents accounts.

10. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. The Foundation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Foundation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are issued.

The Foundation has evaluated subsequent events through June 15, 2026, which is the date the financial statements were issued.

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Combining Statement of Activities and Changes in Net Assets Schedule
Year Ended December 31, 2025
(In Thousands)

	<u>HumanGood Foundation*</u>	<u>Foundation South</u>	<u>Total</u>
Changes in Net Assets Without Donor Restrictions			
Revenue and other support:			
Net assets released from restrictions	\$ 2,876	\$ 1,059	\$ 3,935
Unrestricted contributions	14	139	153
Affiliate support	657	248	905
	<u>3,547</u>	<u>1,446</u>	<u>4,993</u>
Total revenue and other support			
	<u>3,547</u>	<u>1,446</u>	<u>4,993</u>
Expenses:			
Salaries and wages	458	203	661
Employee benefits	84	34	118
Supplies	8	1	9
Marketing and advertising	13	2	15
Purchased services	59	6	65
Utilities	2	1	3
Travel and related	30	9	39
Other operating expenses	19	71	90
Distributions to affiliates	2,892	1,058	3,950
	<u>2,892</u>	<u>1,058</u>	<u>3,950</u>
Total expenses			
	<u>3,565</u>	<u>1,385</u>	<u>4,950</u>
Revenue and other support in excess of expenses			
	(18)	61	43
Other Changes in Net Assets Without Donor Restrictions			
Realized gains on investments, net	-	141	141
Change in unrealized gains on investments, net	-	1,381	1,381
Investment income, net	-	287	287
	<u>-</u>	<u>1,809</u>	<u>1,809</u>
Change in net assets without donor restrictions			
	<u>(18)</u>	<u>1,870</u>	<u>1,852</u>
Changes in Net Assets With Donor Restrictions			
Realized gains on investments, net	1,588	368	1,956
Change in unrealized gains on investments, net	8,205	3,097	11,302
Investment income, net	2,116	757	2,873
Contributions	2,522	2,144	4,666
Net assets released from restrictions for benevolence	(1,768)	(476)	(2,244)
Net assets released from restrictions for special project funds	(1,108)	(583)	(1,691)
Contractual payments to beneficiaries	-	(871)	(871)
Contractual liability adjustments	57	111	168
	<u>57</u>	<u>111</u>	<u>168</u>
Change in net assets with donor restrictions			
	<u>11,612</u>	<u>4,547</u>	<u>16,159</u>
Change in net assets			
	11,594	6,417	18,011
Transfer of Foundation South Net Assets to HumanGood Foundation			
	47,637	(47,637)	-
Net Assets, Beginning			
	<u>82,856</u>	<u>41,220</u>	<u>124,076</u>
Net Assets, Ending			
	<u>\$ 142,087</u>	<u>\$ -</u>	<u>\$ 142,087</u>

* Formerly known as HumanGood Foundation West. See Note 1.