AUDITED FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

COMMUNITY FOUNDATION OF THE NORTH STATE
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FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

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Platform
CPAs, LLP

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Community Foundation of the North State
Redding, California

Opinion

We have audited the accompanying financial statements of Community Foundation of the North State (a nonprofit organization) which comprise the statements of financial position as of June 30, 2026 and 2025, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of the North State as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of the North State 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Holladay, UT 84121

Auditors' Responsibility 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 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 Community Foundation of the North State'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 Community Foundation of the North State'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.

Platform CPAs, LLP

Redding, California
October 15, 2026

ASSETS

	2026	2025
Assets held outside endowment		
Cash and cash equivalents	$ 906,308	$ 384,369
Investments and investment-related cash	3,568,949	5,179,896
Contributions receivable	2,380,628	204,702
Loans receivable, net of allowance for credit losses of $750 and $750	98,021	96,909
Prepaid expenses	11,822	300
Property and equipment, net	10,118	19,081
Beneficial interest in remainder trust	907,351	753,545
Beneficial interest in life insurance policy	18,599	16,443
Total assets held outside endowment	7,901,796	6,655,245
Endowment		
Cash and cash equivalents	532,852	124,279
Investments	38,702,052	32,816,966
Total endowment	39,234,904	32,941,245
Total assets	$ 47,136,700	$ 39,596,490

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	$ 54,266	$ 4,794
Scholarships payable	456,600	391,375
Grants payable	3,000	-
Accrued payroll and vacation	36,984	54,980
Deferred revenue	10,000	3,750
Total liabilities	560,850	454,899
Net assets		
Without donor restrictions	4,897,294	3,916,274
With donor restriction	41,678,556	35,225,317
Total net assets	46,575,850	39,141,591
Total liabilities and net assets	$ 47,136,700	$ 39,596,490

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE NORTH STATE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions	$ 1,680,102	$ 4,841,816	$ 6,521,918	$ 1,416,202	$ 3,756,757	$ 5,172,959
Program service fee revenue	755,870	-	755,870	715,551	-	715,551
Investment income, net	229,743	2,101,961	2,331,704	91,971	1,481,174	1,573,145
Unrealized gain on investments	361,095	2,493,213	2,854,308	264,047	1,664,948	1,928,995
Change in value of remainder trust	-	153,806	153,806	-	101,268	101,268
Change in value of life insurance policy	-	2,156	2,156	-	1,869	1,869
Net assets released from restriction	3,139,713	(3,139,713)	-	4,816,801	(4,816,801)	-
Total support and revenue	6,166,523	6,453,239	12,619,762	7,304,572	2,189,215	9,493,787
Expenses						
Program services	4,404,919	-	4,404,919	5,118,996	-	5,118,996
Management and general	228,135	-	228,135	243,433	-	243,433
Fundraising	552,449	-	552,449	567,476	-	567,476
Total expenses	5,185,503	-	5,185,503	5,929,905	-	5,929,905
Change in net assets	981,020	6,453,239	7,434,259	1,374,667	2,189,215	3,563,882
Net assets, beginning of year	3,916,274	35,225,317	39,141,591	2,541,607	33,036,102	35,577,709
Net assets, end of year	$ 4,897,294	$ 41,678,556	$ 46,575,850	$ 3,916,274	$ 35,225,317	$ 39,141,591

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE NORTH STATE
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026				2025			
	Program Services	Management & General	Fundraising Activities	Total Expenses	Program Services	Management & General	Fundraising Activities	Total Expenses
Grant distribution	4,004,284	-	-	4,004,284	4,685,864	-	-	4,685,864
Salaries	195,267	68,558	289,290	553,115	238,062	77,651	319,575	635,288
Occupancy expense	44,462	15,610	65,870	125,942	44,153	14,402	59,272	117,827
Payroll overhead	42,144	14,796	62,436	119,376	50,232	16,385	67,432	134,049
Contract services	62,533	11,375	-	73,908	33,058	12,175	-	45,233
Bank and credit card fees	14,208	2,234	47,179	63,621	12,073	2,234	47,179	61,486
Legal and accounting	-	56,073	-	56,073	-	64,383	-	64,383
Office expenses	14,538	16,961	16,961	48,460	14,446	16,855	16,855	48,156
Marketing and advertising	-	-	37,128	37,128	-	-	22,063	22,063
Other expenses	7,636	6,087	15,000	28,723	18,174	4,255	15,000	37,429
Insurance	-	20,545	-	20,545	-	16,589	-	16,589
Travel and lodging	8,611	8,611	4,306	21,528	10,339	10,339	5,169	25,847
Dues	4,918	5,066	4,917	14,901	5,765	5,939	5,765	17,469
Depreciation	3,164	1,111	4,688	8,963	4,059	1,323	5,448	10,830
Telephone/website	3,154	1,108	4,674	8,936	2,771	903	3,718	7,392
Total functional expenses	$ 4,404,919	$ 228,135	$ 552,449	$ 5,185,503	$ 5,118,996	$ 243,433	$ 567,476	$ 5,929,905

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE NORTH STATE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities		
Cash received from contributions	$ 6,017,411	$ 6,452,845
Cash paid to suppliers and employees	(1,080,827)	(1,252,351)
Cash paid to grant and scholarship recipients	(4,001,284)	(4,688,364)
Interest and dividends received, net of investment expenses	1,415,043	1,191,738
Net cash provided by (used in) operating activities	2,350,343	1,703,868
Cash flows from investing activities		
Purchase of property and equipment	-	(4,066)
Proceeds from sale of investments	9,482,145	8,487,765
Purchase of investments	(10,721,606)	(7,946,148)
Net cash provided by (used in) investing activities	(1,239,461)	537,551
Net increase (decrease) in cash and cash equivalents	1,110,882	2,241,419
Cash and cash equivalents, beginning of year	2,998,577	757,158
Cash and cash equivalents, end of year	$ 4,109,459	$ 2,998,577

Reconciliation of change in net assets to net cash provided by (used in) operating activities

Change in net assets	$ 7,434,259	$ 3,563,882
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	8,963	10,830
Unrealized gain on investments	(2,854,308)	(1,928,995)
(Increase) decrease in assets		
Contributions receivable	(2,175,926)	168,549
Loans receivable	(1,112)	14,379
Prepaid expenses	(11,522)	11,234
Beneficial interest in remainder trust	(153,806)	(101,268)
Beneficial interest in life insurance policy	(2,156)	(1,869)
Increase (decrease) in liabilities		
Accounts payable	49,472	(49,099)
Scholarship payable	65,225	16,169
Grants payable	3,000	(2,500)
Accrued payroll and vacation	(17,996)	(1,194)
Deferred revenue	6,250	3,750
Total adjustments	(5,083,916)	(1,860,014)
Net cash provided by (used in) operating activities	$ 2,350,343	$ 1,703,868

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Community Foundation of the North State (the Foundation) promotes philanthropy by connecting people who care with causes that matter.

The Foundation operates the following programs:

Asset Development and Grant Making: This program accepts, administers, and disburses funds to eligible recipients based upon donor wishes.

Ivy B. Horr Endowed Medical Education Loan Fund: This program provides low interest loans to students from Shasta, Lassen, Trinity, Tehama, Modoc, and Siskiyou Counties pursuing an education in medicine.

Other Programs: Various programs including North State Giving Tuesday an online networking and giving event that takes place annually on the Tuesday after the Thanksgiving holiday and provides nonprofit organizations in Shasta, Siskiyou, and Tehama counties the opportunity to gain exposure and start relationships with new donors.

Shasta Regional Community Real Estate Foundation (CREF) is a nonprofit organization formed by Community Foundation of the North State to receive and process gifts of real estate for charitable purposes. CREF is a separate 501(c)(3) supporting organization and is not controlled by the Foundation. Its eight-member board of directors is composed of two members of the Foundation's board and six outside members. The activity of CREF is not included in the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements of The Foundation have been prepared on the accrual basis of accounting. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions	Net assets that are not subject to or are no longer subject to donor imposed stipulations.
Net Assets With Donor Restrictions	Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications
Certain amounts in the financial statements for the year ended June 30, 2025 have been reclassified to conform to the presentation for the year ended June 30, 2026. Such reclassifications had no effect on the previously reported total change in net assets.

Cash and Cash Equivalents
Cash and cash equivalents is defined as cash in demand deposit accounts, as well as investments with original maturities of three months or less. The Foundation places its cash and cash investments with high quality credit institutions, with operating balances insured through an automatic cash sweep program to keep balances below the Federal Deposit Insurance Corporation (FDIC) insured limit. At June 30, 2026, the Foundation had cash balances above the FDIC limit of $63,283. Additionally, the Foundation places cash and cash equivalents in money market funds which are not insured or guaranteed by the FDIC or any other government agency. The Foundation had $3,203,151 of cash and cash equivalents invested in money market funds at June 30, 2026.

Following is a reconciliation of cash and cash equivalents as reflected on the statement of cash flows at June 30, 2026 and 2025:

	2026	2025
Cash and cash equivalents	$ 906,308	$ 384,369
Cash and cash equivalents held in investments	2,670,299	2,489,929
Endowment cash and cash equivalents	532,852	124,279
Total cash and cash equivalents	$ 4,109,459	$ 2,998,577

Contributions Receivable
Contributions receivable consist of unconditional promises to give to the Foundation. Contributions receivable are recorded at estimated net realizable value and are evaluated for collectability on an ongoing basis. Amounts collectible beyond one year are recorded at the present value of estimated future cash flows when applicable. No allowance for uncollectible contributions receivable has been reflected at June 30, 2026 and 2025, as management believes all amounts are fully collectible.

Loans Receivable
The Ivy B. Horr Endowed Medical Education Loan Fund provides low-interest loans to students pursuing an education in medicine. Loans range from $2,000 to $10,000 per loan cycle, not to exceed $50,000 per student, and repayment begins six months after the student's graduation and must be completed within ten years of graduation. Interest is charged at a rate of 2%.

Loans receivable are carried at unpaid principal balances, less an allowance for expected credit losses. Management evaluates the collectability of loans receivable on an ongoing basis and considers historical loss experience, specific borrower circumstances, and other relevant factors in estimating expected credit losses. The allowance for expected credit losses as of June 30, 2026 and 2025 was $750 and $750, respectively.

Investments
Investments in marketable securities with readily determinable fair values are stated at fair market value. Marketable securities without readily determinable fair values are stated at cost.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

Under generally accepted accounting principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs, if any, reflect the Foundation's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on significant inputs that are observable, either directly or indirectly, or quoted prices in markets that are not active; that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

Endowment

The Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents. UPMIFA details the rules on spending from donor-restricted endowment funds. Donor intent is defined in the terms of the gift instrument or document accompanying the gift. The Foundation's endowment funds are entered into with the donor and Foundation signing a fund agreement. The Foundation's endowed fund agreements state the original gift, and any subsequent gifts, are to be preserved for the perpetuity of the endowed fund with the investment income and net appreciation available to spend for the restricted purpose of the fund. The Foundation classifies the original contributions made to the endowed fund as contributions with donor restrictions and the investment income and net appreciation as net assets with donor restrictions for the amount calculated as available to spend.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment
Property and equipment is stated at cost of acquisition, or fair value if donated. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets. The estimated useful lives of current property and equipment range from three to seven years.

The Foundation capitalizes expenses for major improvements and acquisitions as additions to property and equipment, whereas ordinary maintenance, repairs, and renewals are charged to expense as incurred.

Leases
The Foundation recognizes and measures its leases in accordance with FASB ASC 842, Leases. The Foundation has elected, for all underlying classes of assets, to not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The Foundation recognizes lease cost associated with short-term leases on a straight-line basis over the lease term. The Foundation made an accounting policy election by class of underlying asset to account for each separate lease component of a contract and its associated non-lease components as a single lease component.

In-Kind Contributions
Contributed services are recognized as contributions in accordance with FASB ASC Subtopic 958-605-25-16, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. It is the policy of the Foundation to record the estimated fair value of contributed services as in-kind contribution revenue and operating expense.

Revenue Recognition
The Foundation recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, which are contributions that contain a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. On occasion, the Foundation receives revenue derived from cost-reimbursement grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with the specific contract or grant provisions.

The Foundation recognizes revenue from administrative fees charged for services provided in administering charitable funds. Administrative fees are generally calculated as a percentage of fund assets and assessed quarterly. Certain funds are charged special project, receipt-based, or other contractual fees in accordance with applicable fund agreements. Administrative fee revenue is recognized as the related services are provided.

Functional Expense Allocation
The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs are allocated among program services and supporting service based on estimates of employees' time incurred and on usage of resources.

Income Taxes
The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the related California code sections. Accordingly, no provision for income taxes is included in the financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures within one year of June 30, 2026 and 2025 were approximately $906,000 and $384,000, respectively, consisting of unrestricted cash and cash equivalents.

The Foundation has a goal to maintain a minimum operating cash balance of $250,000. The Board reviews cash flow quarterly and as part of the annual budgeting process. The Foundation's operating activities require approximately $85,000 per month to meet recurring expenditures. A substantial portion of the Foundation's resources are subject to donor-imposed restrictions and, therefore, may not be available for general expenditures within one year. As part of its liquidity management, the Foundation structures its financial assets to be available as general expenditures, liabilities, and other obligations come due. Excess operating cash is maintained in money market accounts.

NOTE 4 – FAIR VALUE MEASUREMENTS

The Foundation’s investments recorded at fair value have been categorized based upon a fair value hierarchy of inputs in accordance with generally accepted accounting principles. See Note 2 for a discussion of the Foundation’s policies. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended June 30, 2026 and 2025:

- Money market funds are valued using quoted market prices and are classified within Level 1 of the fair value hierarchy.

- Corporate stocks, corporate fixed income, and government securities are valued at the closing price reported on the active market on which the individual securities are traded.

- Mutual funds are valued using quoted prices in active markets for identical securities.

- Fixed income investments are based on quoted prices in active markets for identical assets, or, if there are no such active markets, the fixed income investments are valued using quoted prices for similar assets or quoted prices in markets that are not active.

- Alternative investments include limited partnerships, private equity funds, and other investment vehicles. Fair values are based on quoted market prices when available or on information provided by investment managers, including underlying net asset values and ownership interests in the respective funds.

- Structured investments include Jump Securities which are unsubordinated, unsecured debt obligations issued by UBS AG. Structured investments are based on quoted prices in active market for identical assets, or, if there are no such active markets, the structured investments are valued using quoted prices for similar assets or quoted prices in markets that are not active.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation method is appropriate and consistent with other markets, the use of different methodologies or assumptions to determine the fair value of certain financial assets could result in a different fair value measurement at the reporting date.

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, assets within the fair value hierarchy:

	2026			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 3,203,151	$ -	$ -	$ 3,203,151
Equities	18,654,114	-	-	18,654,114
Mutual funds	4,462,793	-	-	4,462,793
Fixed income and preferred	7,007,458	2,915,943	-	9,923,401
Alternative investments	1,269,931	-	4,094,375	5,364,306
Structured investments	-	1,196,088	-	1,196,088
	$ 34,597,447	$ 4,112,031	$ 4,094,375	$ 42,803,853

	2025			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 2,948,767	$ -	$ -	$ 2,948,767
Equities	15,772,464	-	-	15,772,464
Mutual funds	3,950,271	-	-	3,950,271
Fixed income and preferred	7,443,924	2,615,295	-	10,059,219
Alternative investments	1,024,129	-	3,328,028	4,352,157
Structured investments	-	1,038,263	-	1,038,263
	$ 31,139,555	$ 3,653,558	$ 3,328,028	$ 38,121,141

Following are detailed changes in fair value of the Foundation's level 3 investments for the years ended June 30,:

	2026	2025
Beginning balance - alternative investments	$ 3,328,028	$ 3,106,276
Additional investments in alternative investments	419,799	365,255
Distributions from alternative investments	(244,398)	(133,212)
Increase (decrease) in fair value of alternative investments	590,946	(10,291)
Ending balance	$ 4,094,375	$ 3,328,028

NOTE 5 – INVESTMENTS

Investment revenues are reported net of related investment expenses in the statements of activities. Investment income, net reported on the statement of activities consisted of the following for the years ended June 30,:

	2026	2025
Interest and dividends	$ 1,571,898	$ 1,330,453
Realized gains (losses) on investments	916,661	381,407
Investment management fees	(157,900)	(139,359)
Interest received from loan funds	1,045	644
Total investment income, net	$ 2,331,704	$ 1,573,145

NOTE 6 – BENEFICIAL INTEREST IN CHARITABLE TRUST

A charitable remainder trust provides for the payment of distributions to designated beneficiaries over the trust's term. Upon termination of the trust, the remaining assets are distributed to the Foundation. Assets held in charitable remainder trusts are reported at fair value in the Foundation's statement of financial position. Changes in the fair value of charitable remainder trusts are reflected as changes in net assets with donor restrictions in the Foundation's statement of activities.

The Foundation has been named as the irrevocable remainder beneficiary of one charitable remainder trust administered by a third party. At June 30, 2026 and 2025, the present value of the estimated future benefits was calculated using discount rates of 5.0% and 5.0%, respectively, expected rates of return of 5.0% for both years, and applicable mortality tables.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Contributions received that are restricted by donors for a specific program or for use in future periods are recorded as net assets with donor restrictions. Such restrictions are released when the related program expenses are incurred in accordance with the donor's stipulations or when the time restriction has expired.

Contributions restricted by donors to be maintained in perpetuity, including endowments, are also recorded as net assets with donor restrictions. Earnings on endowment funds are classified as net assets with donor restrictions to the extent that they are subject to the Foundation's spending policy and appropriation. These amounts are released from restriction when program expenses meeting the donor's requirements have been incurred.

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

	2026	2025
Amounts to be received in future periods		
McConnell Foundation building grant	$ 38,064	$ 39,858
McConnell Foundation operating support grant	900,000	137,246
Pledges receivable	1,117,564	27,598
Other contributions receivable	325,000	-
Total amounts to be received in future periods	2,380,628	204,702
Amounts restricted by donor for specific purpose		
Elmer H. Schmidt Christian Broadcasting Fund	2,189,315	1,678,289
Knodel Family Endowment Fund	1,556,519	1,004,318
Ivy B. Horr Endowed Medical Education Fund	1,013,371	828,089
Josephine Taylor Endowed Scholarship Fund	799,974	638,333
Sherri Lint Charitable Remainder Unitrust	576,809	753,545
Patricia L. Kimball and David T. Kimball Fund	464,836	603,100
Other funds restricted by donor for specific purpose	11,081,156	8,751,043
Total amounts restricted by donor for specific purpose	17,681,980	14,256,717
Investments in perpetuity		
Knodel Family Endowment Fund	4,197,516	4,197,516
Elmer H. Schmidt Christian Broadcasting Fund	2,262,854	2,262,854
Shasta County Board of Education Student Benefit Fund	1,076,000	1,076,000
Patricia L. Kimball Endowment	1,015,053	1,015,054
LiveRiffully Endowment Fund	1,000,000	1,000,000
Ivy B. Horr Endowed Medical Education Fund	848,097	848,097
Josephine Taylor Endowed Scholarship Fund	732,348	732,348
Dr. Donald and Ann Gleason Memorial Scholarship	680,539	680,539
Kohn Family Endowment	663,750	663,750
Clement Alan DeTourney Memorial Fund	580,879	580,879
Women's Endowment Fund of Redding	548,405	530,725
Animal Welfare Endowment Fund	506,940	506,167
Other investments in perpetuity	7,503,567	6,669,969
Total net assets requiring investments in perpetuity	21,615,948	20,763,898
Total net assets with donor restrictions	$ 41,678,556	$ 35,225,317

NOTE 8 – ENDOWMENT

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide funding to programs supported by its endowment while striving to maintain capital preservation and purchasing power of those endowment assets over the long term. The investment policy establishes an achievable return objective through diversification of asset classes. The current objective is to achieve an investment return to provide sufficient revenue to support an average annual distribution rate of 6% while maintaining the purchase power of the portfolio. Actual returns may vary from this amount in any given year. To meet this rate of return objective over the long term, the Foundation targets a diversified asset allocation between equity-based and fixed-income investments within prudent risk factors. The spending policy calculates the amount of money annually available to be distributed from the Foundation's endowed funds for grant making. The current spending policy was calculated as an annual amount of up to 4% of a 12-quarter moving average of the fair value of the endowment funds. These funds must have sufficient cumulative investment income and net appreciation to cover the spending policy calculation. The excess income and appreciation is then available for additional growth of the endowed fund.

Included in endowment net assets without donor restrictions at June 30, 2026 and 2025, was $4,428,609 and $3,478,219, respectively, of board-designated endowment.

During 2026, the Foundation revised the presentation of its endowment net assets to exclude certain pledges receivable and liabilities that had previously been included in the endowment rollforward. As a result, endowment net assets as of July 1, 2024 were increased by $86,571, from $29,150,719 to $29,237,290, and endowment net assets as of June 30, 2025 were increased by $42,604, from $32,898,641 to $32,941,245. The revision did not affect previously reported total assets, total liabilities, changes in net assets, or total net assets. The endowment information as of and for the year ended June 30, 2025 has been revised to conform to the current-year presentation.

Changes in endowment net assets for the fiscal years ended June 30, 2026 and 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, July 1, 2024	$ 2,006,912	$ 27,230,378	$ 29,237,290
Contributions	1,259,327	1,521,524	2,780,851
Interest and dividends, net of fees	82,057	1,043,243	1,125,300
Realized gain on investments	9,270	366,264	375,534
Unrealized gain on investments	264,047	1,537,704	1,801,751
Appropriation for expenditure	(143,394)	(2,236,087)	(2,379,481)
Endowment, June 30, 2025	3,478,219	29,463,026	32,941,245
Contributions	540,340	2,458,209	2,998,549
Interest and dividends, net of fees	143,957	1,208,804	1,352,761
Realized gain on investments	84,741	810,451	895,192
Unrealized gain on investments	361,095	2,392,856	2,753,951
Appropriation for expenditure	(179,743)	(1,527,051)	(1,706,794)
Endowment, June 30, 2026	$ 4,428,609	$ 34,806,295	$ 39,234,904

NOTE 9 – RETIREMENT PLANS

The Foundation maintains a SIMPLE IRA plan (the Plan). The Plan is administered by American Funds and covers employees after they have earned at least $5,000 per year during any two preceding years and who are expected to earn at least $5,000 in the current year. Employees may make pre-tax contributions to their individual SIMPLE IRA accounts. The Foundation must match at least 1% of the eligible employees' annual salary up to the smaller of 3% of the employees' annual salary or actual employee contributions made during the fiscal year. For the years ended June 30, 2026 and 2025, the Foundation made matching contributions of 3% of the annual salary of those participating in the Plan for a total of $14,795 and $16,122, respectively and is included in payroll overhead on the statement of functional expenses.

NOTE 10 – OPERATING LEASE

The Foundation leases office space from The McConnell Foundation under a lease amendment extending the original lease term through December 31, 2026. The lease qualifies for the short-term lease exemption under ASC 842 and, accordingly, no right-of-use asset or lease liability has been recognized in the accompanying statement of financial position. Lease expense totaled $84,269 and $78,372 for the years ended June 30, 2026 and 2025, respectively, and is included in occupancy expense in the statement of functional expenses. The lease obligation is supported by a grant from The McConnell Foundation.

NOTE 11 – INCOME TAXES

The Foundation is exempt from federal and California income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a).

Generally accepted accounting principles prescribe a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of the Foundation has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Foundation's tax returns are subject to examination by Federal tax authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

NOTE 12 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 15, 2026, which is the date the financial statements were available to be issued.