



ARMSTRONG, BACKUS & CO., LLP
— *Certified Public Accountants* —



Financial Statements

For the Years Ended December 31, 2025 and 2024

515 West Harris Avenue • Post Office Box 71 • San Angelo, Texas 76902
Phone (325) 653-6854 • Fax (325) 655-5857 • www.armstrongbackus.com

SAN ANGELO HEALTH FOUNDATION

Financial Statements

For the Years Ended December 31, 2025 and 2024

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Board of Trustees
San Angelo Health Foundation
San Angelo, Texas

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of San Angelo Health Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation, as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 through 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 San Angelo Health 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 San Angelo Health 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.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Investment Securities and Schedule of Cash Activity for Charitable Purposes on pages 19 and 20 are presented for the purpose of additional analysis and are 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 records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 the financial statements as a whole.

Armstrong, Backus & Co., L.L.P.

San Angelo, Texas
June 5, 2026



SAN ANGELO HEALTH FOUNDATION

Statements of Financial Position

As of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 87,342	\$ 112,809
Accrued Income	89,451	87,749
Prepaid Expenses	-0-	51,746
Total Current Assets	\$ 176,793	\$ 252,304
Investments:		
Investment Securities, at Market	\$ 60,737,873	\$ 55,926,414
Total Investments	\$ 60,737,873	\$ 55,926,414
Fixed Assets:		
Land	\$ 1,453,989	\$ 1,453,989
Building and Improvements	4,521,347	4,521,347
Furniture, Fixtures, and Equipment	301,651	301,651
	\$ 6,276,987	\$ 6,276,987
Less: Accumulated Depreciation	(2,768,520)	(2,643,520)
Net Fixed Assets	\$ 3,508,467	\$ 3,633,467
Other Assets:		
Mineral Rights	\$ 254,544	\$ 254,544
Less: Accumulated Amortization	(254,544)	(254,544)
Net Other Assets	\$ -0-	\$ -0-
TOTAL ASSETS	<u><u>\$ 64,423,133</u></u>	<u><u>\$ 59,812,185</u></u>

The accompanying notes are an integral part of these statements.

SAN ANGELO HEALTH FOUNDATION

Statements of Financial Position

As of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 112,152	\$ 119,411
Excise Tax Payable	14,000	-0-
Grants Payable	<u>775,375</u>	<u>418,651</u>
Total Current Liabilities	<u>\$ 901,527</u>	<u>\$ 538,062</u>
Long-Term Liabilities:		
Grants Payable	<u>\$ 85,000</u>	<u>\$ -0-</u>
Total Long-Term Liabilities	<u>\$ 85,000</u>	<u>\$ -0-</u>
Total Liabilities	<u>\$ 986,527</u>	<u>\$ 538,062</u>
Net Assets:		
Without Donor Restrictions	<u>\$ 63,436,606</u>	<u>\$ 59,274,123</u>
Total Net Assets	<u>\$ 63,436,606</u>	<u>\$ 59,274,123</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 64,423,133</u></u>	 <u><u>\$ 59,812,185</u></u>

The accompanying notes are an integral part of these statements.

SAN ANGELO HEALTH FOUNDATION

Statements of Activities

As of December 31, 2025 and 2024

	2025	2024
Revenues and Gains:		
Dividend Income	\$ 865,600	\$ 750,662
Interest Income	307,046	299,713
Other Income	9,664	77,117
Royalty Income	26,405	22,620
Net Investment Income	7,067,089	4,080,784
Total Revenues and Gains	\$ 8,275,804	\$ 5,230,896
Expenses:		
Investment	\$ 83,678	\$ 75,739
Charitable	3,739,378	2,643,873
Management and General	290,265	127,573
Total Expenses	\$ 4,113,321	\$ 2,847,185
Change in Net Assets	\$ 4,162,483	\$ 2,383,711
Net Assets, Beginning of Year	59,274,123	56,890,412
Net Assets, End of Year	\$ 63,436,606	\$ 59,274,123

The accompanying notes are an integral part of these statements.

SAN ANGELO HEALTH FOUNDATION

Statement of Functional Expenses

For the Year Ended December 31, 2025

	<u>Investment</u>	<u>Charitable</u>	<u>Management and General</u>	<u>Total Expenses</u>
Depreciation	\$ 8,463	\$ -0-	\$ 116,537	\$ 125,000
Disbursements for Charitable Purposes	-0-	3,335,433	-0-	3,335,433
Dues and Subscriptions	70	938	-0-	1,008
Education	1,607	21,688	-0-	23,295
Excise Tax	-0-	-0-	116,023	116,023
Insurance	20,658	20,658	-0-	41,316
Legal, Audit, and Accounting Fees	23,325	23,325	-0-	46,650
Office Supplies, Postage, and Printing	128	6,277	-0-	6,405
Other Expenses	2,554	28,007	7,084	37,645
Property Taxes	654	-0-	-0-	654
Repairs and Maintenance	3,750	-0-	50,621	54,371
Salaries, Payroll Taxes, and Benefits	18,365	247,674	-0-	266,039
Utilities	4,104	55,378	-0-	59,482
	<u>\$ 83,678</u>	<u>\$ 3,739,378</u>	<u>\$ 290,265</u>	<u>\$ 4,113,321</u>

The accompanying notes are an integral part of these statements.

SAN ANGELO HEALTH FOUNDATION

Statement of Functional Expenses

For the Year Ended December 31, 2024

	<u>Investment</u>	<u>Charitable</u>	<u>Management and General</u>	<u>Total Expenses</u>
Depreciation	\$ 8,441	\$ -0-	\$ 116,237	\$ 124,678
Disbursements for Charitable Purposes	-0-	2,292,690	-0-	2,292,690
Dues and Subscriptions	69	926	-0-	995
Education	1,929	26,031	-0-	27,960
Insurance	18,079	18,079	-0-	36,158
Legal, Audit, and Accounting Fees	24,260	24,260	-0-	48,520
Office Supplies, Postage, and Printing	142	6,969	-0-	7,111
Other Expenses	1,050	11,516	2,913	15,479
Property Taxes	1,615	-0-	-0-	1,615
Repairs and Maintenance	624	-0-	8,423	9,047
Salaries, Payroll Taxes, and Benefits	17,615	237,563	-0-	255,178
Utilities	1,915	25,839	-0-	27,754
	<u>\$ 75,739</u>	<u>\$ 2,643,873</u>	<u>\$ 127,573</u>	<u>\$ 2,847,185</u>

The accompanying notes are an integral part of these statements.

SAN ANGELO HEALTH FOUNDATION

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Cash Received from Contributions and Fundraising	\$ 9,664	\$ 77,117
Cash Received from Investments	243,320	14,918,388
Cash Received for Interest and Dividends	1,172,647	299,713
Cash Paid for Charitable Purposes	(2,893,709)	(2,444,479)
Cash Paid for Salaries and Benefits	(266,039)	(255,178)
Cash Paid for Other Operating Expenses	(211,685)	(264,670)
Cash Paid for Taxes	(116,678)	(1,615)
Net Cash Provided (Used) by Operating Activities	<u>(\$ 2,062,480)</u>	<u>\$ 12,329,276</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	\$ -0-	(\$ 3,789)
Purchase of Investments	(19,517,335)	(30,106,099)
Proceeds from Sale of Investments	21,554,348	16,805,806
Net Cash Provided (Used) by Investing Activities	<u>\$ 2,037,013</u>	<u>(\$ 13,304,082)</u>
Net Increase (Decrease) in Cash	(\$ 25,467)	(\$ 974,806)
Cash, Beginning of the Year	112,809	1,087,615
Cash, End of Year	<u><u>\$ 87,342</u></u>	<u><u>\$ 112,809</u></u>
Reconciliation of Increase (Decrease) in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Net Assets:	<u>\$ 4,162,483</u>	<u>\$ 2,383,711</u>
Adjustments to Reconcile Increase (Decrease) in Net		
Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	\$ 125,000	\$ 124,678
Unrealized (Gain) Loss on Long-Term Investments	(6,848,472)	10,064,322
Changes in Assets and Liabilities:		
(Increase) Decrease in Accrued Income	(1,702)	-0-
(Increase) Decrease in Prepaid Expenses	51,746	16,604
Increase (Decrease) in Accounts Payable and Accrued Expenses	(7,259)	3,980
Increase (Decrease) in Excise Tax Payable	14,000	(112,230)
Increase (Decrease) in Grants Payable	441,724	(151,789)
Total Adjustments	<u>(\$ 6,224,963)</u>	<u>\$ 9,945,565</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$ 2,062,480)</u></u>	<u><u>\$ 12,329,276</u></u>

The accompanying notes are an integral part of these statements.

SAN ANGELO HEALTH FOUNDATION

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the San Angelo Health Foundation (the Foundation) have been prepared on the accrual basis of accounting. The significant accounting policies followed by the Foundation are described below.

Organization – The Foundation is a nonprofit corporation qualified as a private foundation as defined in section 509(a) of the Internal Revenue Code. The Foundation’s mission is to enhance the quality of life for the people of the San Angelo, Texas area. The Foundation’s activities include, but are not limited to, the operation of programs to provide charitable assistance, training, and educational support for the promotion of general physical and mental health, principally for the benefit of the general population of the San Angelo, Texas area.

Tax Status – The Foundation has been determined by the Internal Revenue Service to be a private foundation under Section 509(a) of the Internal Revenue Code.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments – Investment purchases are recorded at cost, or if donated, at the fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statements of Financial Position. Net investment income/(loss) is reported in the Statements of Activities and consists of realized and unrealized capital gains and losses, less external and direct internal investment expenses. Foundation investments are classified as non-current. Marketable debt and equity securities are revalued at the end of each year to reflect the current market value.

Fixed Assets – Fixed assets are recorded at their cost. Depreciation of furniture, fixtures, and equipment is provided using the straight-line method over the estimated useful lives of the assets, which is generally five years. Building and improvements are recorded at cost and are being depreciated over periods ranging from 10 to 39.5 years on the straight-line basis.

Donations of fixed assets are recorded as support at their estimated fair value as of the date of donation. The estimated fair value of donated fixed assets represents the cost basis of the donated assets that is subject to depreciation. Maintenance and repair expenditures are expensed as incurred.

Promises to Give – Charitable expenses are recognized when the Foundation makes a promise to give to the donee that is, in substance, without donor restriction. Promises to give that are subject to certain future conditions or actions, on the part of the donee, are reported as contributions expense in the fiscal year in which the conditions are met. Restrictions on the Foundation’s with donor restriction net assets may be met when the Foundation makes grants for certain qualifying purposes. When a restriction expires, with donor restriction net assets are reclassified to without donor restriction net assets.

SAN ANGELO HEALTH FOUNDATION

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

Net Assets – The Foundation has adopted the Financial Accounting Standards Board (FASB) Codification 958, Not-for-Profit Entities (formerly Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Foundations*). FASB 958 requires the Foundation to classify its net assets based on the existence or absence of donor-imposed restrictions. These classifications of net assets are described as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions – Net assets subject to donor (or certain grantor) 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 donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose restriction is accomplished.

Fair Value of Financial Instruments – The fair value of investments is based on quoted market prices, if available, or estimated using quoted prices for similar securities.

The fair value of future commitments is based on the present value of the commitment from the grant date. Generally, the time delay between the grant date and the date of funding is relatively short, and accordingly, a present value discount of the commitment amount is not material to the financial statements. The carrying values for cash equivalents, accounts payable, and accrued expenses approximate fair values.

Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue and Revenue Recognition – The Foundation has adopted Accounting Standards Update (ASU) No. 2014-19, *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

Analysis of various provisions of the standard resulted in no significant changes in the way the Foundation recognized revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

The Foundation recognized 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, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

SAN ANGELO HEALTH FOUNDATION

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

Functional Expense Allocation of Expenses – The costs of providing the Foundation’s program and other activities have been summarized on a functional basis in the Statements of Activities. Expenses directly related to program services or supporting services are charged directly while other expenses that are common to several functions are allocated based on management’s estimates, among major classes of program services and supporting activities. Expenses are allocated based on estimates of time and effort spent on investment and charitable services within the Foundation.

NOTE 2: INVESTMENT SECURITIES

Fair value and cost of investment securities at December 31, 2025 and 2024 are as follows:

	2025		2024	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Institutional Funds	\$ 60,737,873	\$ 54,445,830	\$ 55,926,414	\$ 53,706,540
Total Investment Securities	<u>\$ 60,737,873</u>	<u>\$ 54,445,830</u>	<u>\$ 55,926,414</u>	<u>\$ 53,706,540</u>

NOTE 3: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2025	2024
Cash and Cash Equivalents	\$ 87,342	\$ 112,809
	<u>\$ 87,342</u>	<u>\$ 112,809</u>

NOTE 4: FEDERAL EXCISE AND INCOME TAXES

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. In accordance with provisions of the Tax Reform Act of 1969 (the Act), the Foundation is subject to an excise tax on net investment income, including realized gains as defined in the Act. The excise tax expense for the years ended December 31, 2025 and 2024 totaled \$116,023 and \$-0-, respectively.

The Foundation is required to make qualifying distributions (as defined in the Internal Revenue Code of 1986) (IRC) equal to its minimum investment return, as defined in the IRC. Management believes that these distribution requirements will be met in the coming year.

In accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*, management has evaluated the Foundation’s tax positions and concluded that the Foundation has taken no uncertain tax positions that required adjustment to the financial statements to comply with the provisions of this guidance. With a few exceptions, the Foundation is no longer subject to examination by the Internal Revenue Service for years before 2022.

SAN ANGELO HEALTH FOUNDATION

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

NOTE 5: COMMITMENTS

As of December 31, 2025 and 2024, the Foundation had no outstanding conditional commitments to qualified charitable organizations not required to be paid by the Foundation until specific conditions are fulfilled by the grantees and therefore are not accrued in the accompanying financial statements. Unconditional commitments are those that have been approved, but not paid, prior to December 31, 2025 and do not require the grantee to meet any additional stipulations set forth by the Foundation.

The commitments outstanding at December 31, 2025 are as follows:

Organization	Conditional	Unconditional
American Heart Association	\$ -0-	\$ 40,000
Howard College	-0-	446,625
Salvation Army	-0-	60,000
San Angelo Area Foundation	-0-	100,000
Water Valley Volunteer Fire Department	-0-	85,000
West Texas Counseling and Guidance	-0-	128,750
Total Commitments	<u>\$ -0-</u>	<u>\$ 860,375</u>

The commitments outstanding at December 31, 2024 are as follows:

Organization	Conditional	Unconditional
Angelo Civic Theatre	\$ -0-	\$ 44,000
Galilee CDC	-0-	150,000
Salvation Army	-0-	50,000
San Angelo Area Foundation	-0-	100,000
San Antonio Food Bank	-0-	10,000
West Texas Counseling and Guidance	-0-	64,651
Total Commitments	<u>\$ -0-</u>	<u>\$ 418,651</u>

The liability for commitments payable and maturities thereof at December 31, 2025 and 2024 are as follows:

	2025	2024
Total Commitments	<u>\$ 860,375</u>	<u>\$ 418,651</u>
Amounts Due In:		
Less than One Year	\$ 775,375	\$ 418,561
One to Five Years	85,000	-0-
More than Five Years	-0-	-0-
Total Commitments	<u>\$ 860,375</u>	<u>\$ 418,561</u>

SAN ANGELO HEALTH FOUNDATION

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

NOTE 6: LEASE AGREEMENTS

In accordance with the terms of the Agreement for Construction and Operation of a Multipurpose Building between the City of San Angelo, San Angelo Chamber of Commerce, and the Foundation; the Foundation has entered into a lease agreement, as a lessor with the San Angelo Chamber of Commerce (the Chamber), for approximately 6,792 square feet of space in the Visitor's Center building. The term of the lease is twenty-five years, and it provides that the Chamber is not obligated for any rent for the leased premises. The lease agreement specifies that the Chamber initially will pay \$1,000 per month into a fund to be used for maintenance and/or improvements to the leased premises. Beginning in January 2009, the Chamber's contribution to the maintenance fund was reduced to \$500 per month for the remainder of the lease. During 2025 and 2024, the Chamber and the Foundation contributed \$1,000 per month into the maintenance fund. Included in accounts payable and accrued expenses in the accompanying Statements of Financial Position is \$54,326 and \$60,495, respectively, due to the Chamber of Commerce for their portion of the maintenance funds held in cash at December 31, 2025 and 2024. The lease standard under ASC 842 does not apply to this lease.

During 2023, the Foundation entered into a lease agreement, as the lessor, to allow for the production of oil and gas on lands situated in Irion and Schleicher Counties for the sum of \$10 and lease bonuses and royalties to be paid to the lessor. The lease standard under ASC 842 does not apply to this lease.

NOTE 7: PENSION PLAN

The Foundation sponsors a defined contribution pension plan covering all its employees. Contributions to the plan are at the discretion of the Board of Trustees. During 2025 and 2024, contributions to the plan totaled \$16,034 and \$16,566, respectively.

NOTE 8: CONCENTRATION OF CREDIT RISK

The Foundation maintains interest-bearing cash accounts at a U.S. financial institution that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2025 and 2024, the cash accounts held by the Foundation did not exceed the FDIC coverage.

NOTE 9: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Codification 820, Fair Value Measurements and Disclosures (formerly SFAS No. 157, *Fair Value Measurements*), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB 820 are described as follows:

SAN ANGELO HEALTH FOUNDATION

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable or significant and insignificant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Certificate of Deposits, Mutual Funds, Money Market Funds, and Exchange Traded Funds: Valued at net asset value ("NAV") of shares held by the Foundation at year end.

Common Stocks, International Bonds, and U.S. Government Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2025 and 2024:

SAN ANGELO HEALTH FOUNDATION

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

Assets at Fair Value as of December 31, 2025				
	Level 1	Level 2	Level 3	Total
Money Market	\$ 882,476	\$ -0-	\$ -0-	\$ 882,476
Equities	40,524,709	-0-	-0-	40,524,709
Fixed Income	10,754,724	-0-	-0-	10,754,724
Specialty	6,920,972	-0-	-0-	6,920,972
Real Estate	-0-	-0-	1,064,842	1,064,842
Private Equity	-0-	-0-	590,150	590,150
	<u>\$ 59,082,881</u>	<u>\$ -0-</u>	<u>\$ 1,654,992</u>	<u>\$ 60,737,873</u>
Assets at Fair Value as of December 31, 2024				
	Level 1	Level 2	Level 3	Total
Money Market	\$ 649,476	\$ -0-	\$ -0-	\$ 649,476
Equities	35,691,116	-0-	-0-	35,691,116
Fixed Income	10,901,041	-0-	-0-	10,901,041
Specialty	7,676,318	-0-	-0-	7,676,318
Real Estate	-0-	-0-	1,008,463	1,008,463
	<u>\$ 54,917,951</u>	<u>\$ -0-</u>	<u>\$ 1,008,463</u>	<u>\$ 55,926,414</u>

During the year ended December 31, 2025, the Foundation invested in two private equity funds at an initial investment cost of \$590,150. These funds are considered Level 3 in the hierarchy above.

NOTE 10: EVALUATION OF SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2025, the Foundation's investments recognized a downturn in the market based on current economic and global conditions. Management believes the impact on the investment portfolio to be temporary and will react positively once the market stabilizes.

The Foundation has evaluated subsequent events through June 5, 2026, the date which the financial statements were available to be issued.

SAN ANGELO HEALTH FOUNDATION

Schedule of Investment Securities

For the Year Ended December 31, 2025

Description	Approximate Market Value at 12/31/25	Cost	Unrealized Gain / (Loss)
<u>INSTITUTIONAL FUNDS</u>			
Money Market	\$ 882,476	\$ 882,476	\$ -0-
Equities	40,524,709	34,690,306	5,834,403
Fixed Income	10,754,724	10,698,045	56,679
Specialty	6,920,972	6,508,554	412,418
Private Equity	590,150	590,150	-0-
Real Estate	1,064,842	1,076,299	(11,457)
Total Investments	\$ 60,737,873	\$ 54,445,830	\$ 6,292,043

See Independent Auditors' Report.

SAN ANGELO HEALTH FOUNDATION

Schedule of Cash Activity for Charitable Purposes

For the Year Ended December 31, 2025

Charity	Unrestricted
Alcohol and Drug Awareness Center for the Concho Valley	\$ 1,000
Angelo Catholic School	10,000
Angelo Civic Theater	44,000
Angelo State University	160,000
Art in Uncommon Places	10,000
Boys & Girls Club of San Angelo	1,000
Children's Advocacy Center	6,500
Concho Valley Community Action Agency	25,000
Concho Valley Council of Governments	25,000
Concho Valley Home for Girls	1,000
Concho Valley Medical Missions	10,000
Concho Valley PAWS	500
Concho Valley Regional Food Bank	25,000
Concho Valley Turning Point	30,000
Cook Children's Health Foundation	12,615
Early Redwine Childcare Center	1,500
East Concho Volunteer Fire Department	5,600
Family Resource Network of Mason	30,000
Fellowship of Christian Athletes	5,000
Frontera Healthcare Network	113,850
Galilee Community Development Corporation	185,000
Hidalgo County Community Service Agency	25,000
House of Faith	2,000
ICD Family Shelter	1,000
Junction CASP	70,000
La Clinica Esperanza	25,000
Looping Us Together	20,000
Meals for the Elderly	30,000
MHMR Services for the Concho Valley	25,000
Miles ISD	17,096
Operation Blue Santa	1,000
Quail Valley Volunteer Fire Department	335,828
Rusted and Weathered	20,000
Salvation Army	50,000
San Angelo Area Foundation	885,000
San Angelo Early Childhood Center	1,500
San Angelo Museum of Fine Arts	100,000
San Angelo State School Volunteer Service	2,500
San Antonio Food Bank	10,000
Sierra Vista United Methodist Church	10,000
Sleep in Heavenly Peace	7,500
Sterling County Emergency Medical Service	80,000
Texas Ramp Project	30,000
The Eldorado Service Center	75,000
Tom Green County	75,000
Tom Green County Jr. Livestock Show	10,000
United Way of the Concho Valley	25,000
West Texas Boys Ranch	1,000
West Texas Counseling and Guidance	228,401
West Texas Rehabilitation Center	10,000
YMCA of San Angelo	5,000
Young Life San Angelo	10,000
	<u>\$ 2,890,390</u>

See Independent Auditors' Report.

