

**HEALTHSPARK FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)**



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(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
HealthSpark Foundation  
Colmar, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of HealthSpark Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 HealthSpark Foundation as of June 30, 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.

#### ***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 HealthSpark 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 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 HealthSpark 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 HealthSpark 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 HealthSpark 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.

***Consolidated Financial Statements of HealthSpark Foundation and 2506, LLC***

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statement of financial position of HealthSpark Foundation and 2506, LLC as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of HealthSpark Foundation and 2506, LLC, and the financial statements of HealthSpark Foundation presented herein are not a valid substitute for those consolidated financial statements.

Board of Directors  
HealthSpark Foundation

***Report on Summarized Comparative Information***

We have previously audited HealthSpark Foundation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
February 25, 2026

**HEALTHSPARK FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025**  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	2025	2024
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 137,706	\$ 89,475
Prepaid and Other Current Assets	36,986	27,294
Investments	38,818,738	37,642,653
Beneficial Interest in Remainder Trust	1,234,754	1,178,008
Note Receivable	400,000	400,000
Note Receivable - Related Party	5,161,286	5,161,286
Other Investments	354,689	365,734
Beneficial Interest in Perpetual Trust	213,382	202,777
Property and Equipment	77,846	116,687
Operating Right-of-Use Asset	157,017	213,764
	<b>\$ 46,592,404</b>	<b>\$ 45,397,678</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Grants Payable	\$ 330,000	\$ 60,000
Accounts Payable and Accrued Expenses	285,993	139,592
Deferred Tax Liability	91,273	35,513
Other Liabilities in Connection with North Penn Hospital	354,689	365,734
Operating Lease Liability	157,017	213,764
Total Liabilities	1,218,972	814,603
<b>NET ASSETS</b>		
Without Donor Restrictions	43,661,121	42,938,115
With Donor Restrictions	1,712,311	1,644,960
Total Net Assets	45,373,432	44,583,075
	<b>\$ 46,592,404</b>	<b>\$ 45,397,678</b>

See accompanying Notes to Financial Statements.

**HEALTHSPARK FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2025**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE</b>				
Interest and Dividends, Net of Investment Fees	\$ 963,637	\$ -	\$ 963,637	\$ 800,507
Income from Perpetual Trust	6,000	-	6,000	13,500
Other Income	142,364	-	142,364	72,133
Change in Beneficial Interest in Remainder Trust	-	56,746	56,746	86,181
Change in Beneficial Interest in Perpetual Trust	-	10,605	10,605	5,594
Net Realized and Unrealized Gains on Investments	2,495,414	-	2,495,414	3,980,877
Total Revenue	<u>3,607,415</u>	<u>67,351</u>	<u>3,674,766</u>	<u>4,958,792</u>
<b>EXPENSES</b>				
Program Grants	1,198,250	-	1,198,250	340,150
Other Program Activities	899,023	-	899,023	825,314
Total Program Expenses	<u>2,097,273</u>	<u>-</u>	<u>2,097,273</u>	<u>1,165,464</u>
Management and General	439,276	-	439,276	309,560
Total Expenses	<u>2,536,549</u>	<u>-</u>	<u>2,536,549</u>	<u>1,475,024</u>
<b>EXCESS OF REVENUE OVER EXPENSE</b>	1,070,866	67,351	1,138,217	3,483,768
<b>NONOPERATING EXPENSES</b>				
Contribution to Related Party	(347,860)	-	(347,860)	(271,434)
Total Nonoperating Expenses	<u>(347,860)</u>	<u>-</u>	<u>(347,860)</u>	<u>(271,434)</u>
<b>CHANGE IN NET ASSETS</b>	723,006	67,351	790,357	3,212,334
Net Assets - Beginning of Year	<u>42,938,115</u>	<u>1,644,960</u>	<u>44,583,075</u>	<u>41,370,741</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 43,661,121</u>	<u>\$ 1,712,311</u>	<u>\$ 45,373,432</u>	<u>\$ 44,583,075</u>

See accompanying Notes to Financial Statements.

**HEALTHSPARK FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2025**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 790,357	\$ 3,212,334
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	43,041	44,604
Net Realized and Unrealized Gains on Investments	(2,495,414)	(3,980,877)
Change in Beneficial Interest in Remainder Trust	(56,746)	(86,181)
Change in Beneficial Interest in Perpetual Trust	(10,605)	(5,594)
Decrease:		
Prepaid and Other Current Assets	(9,692)	7,269
Increase (Decrease) in:		
Grants Payable	270,000	(350,000)
Accounts Payable and Accrued Expenses	146,401	(22,346)
Deferred Tax Liability	55,760	(7,861)
Other Liabilities in Connection with North Penn Hospital	(11,045)	(2,377)
Net Cash Used by Operating Activities	(1,277,943)	(1,191,029)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment, Net	(4,200)	(16,985)
Purchases of Investments	(22,667,551)	(17,190,493)
Proceeds from Sale of Investments	23,986,880	21,145,268
Note Receivable	-	(400,000)
Decrease in Other Investments	11,045	2,377
Net Cash Provided by Investing Activities	1,326,174	3,540,167
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Note Receivable	-	(2,720,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	48,231	(370,862)
Cash and Cash Equivalents - Beginning of Year	89,475	460,337
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 137,706	\$ 89,475

See accompanying Notes to Financial Statements.

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The HealthSpark Foundation (the Foundation) is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), and is classified as a private foundation in accordance with the IRC. The Foundation is the successor to North Penn Hospital.

The Foundation's mission is to invest in nonprofits, networks, and coalitions promoting a more just and healthy community. The Foundation adopted a 10-year plan to fulfil this mission, called the Safety Net Framework, in 2017. The Safety Net Framework identifies the Foundation's six key philanthropic activities. These include: (1) Grantmaking to support a strong, equitable, and connected safety net system, (2) Advocacy to educate the public and policymakers on methods for building a stronger safety net system, (3) Leadership development within the social safety net, (4) Research and data to support informed decision-making, (5) Convenings to build cross-sector relationships and build alignment between stakeholders, and (6) Mission aligned investing.

The Foundation is designed to exist in perpetuity, so its commitment is long term. The Foundation invests its time, expertise, and resources in finding innovative solutions to the complex challenges facing the health and human services systems and helps to build the capacity of the organizations delivering services.

**Financial Statement Presentation**

These financial statements include only the accounts of the Foundation. There are separate consolidated financial statements that include the accounts of the Foundation and 2506, LLC, a Pennsylvania single-member limited liability company owned by the Foundation. Such consolidated financial statements are the general-purpose financial statements of the Foundation and 2506, LLC, and the financial statements presented herein are not a valid substitute for those consolidated financial statements.

**Basis of Accounting**

The financial statements of the Foundation are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets consist of the following:

*Net Assets Without Donor Restrictions* – Net assets for use in general operations and are not subject to donor- or certain grantor-imposed restrictions. Net assets generally result from investment income and gains, less expense incurred in providing services and other administrative expenses. At times, the governing board can designate, from net assets without donor restrictions, net assets for various purposes.

*Net Assets With Donor 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.

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Income Taxes**

The Foundation is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the IRC and is classified by the Internal Revenue Service as a private foundation. No provision for income taxes is required for the year ended June 30, 2025. IRC Section 4940(a), however, imposes a 1.39% tax on net investment income, which includes gains realized on the sale of investments. Excise tax amounted to \$93,899 for the year ended June 30, 2025.

The Foundation records a deferred excise tax liability on 1.39% of net unrealized investment gains. At June 30, 2025, the Foundation recorded a deferred excise tax liability on 1.39% of net unrealized investment gains in 2025 in the amount of \$91,273.

Management has reviewed the tax positions taken or expected to be taken on income tax returns for all open periods and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

**Accounting Estimates**

In preparing financial statements in conformity with GAAP management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**Concentration of Credit Risk**

The Foundation occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (ASC) 825, *Financial Instruments*, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institution in which deposits are made. As of June 30, 2025 and 2024, respectively, the Foundation did not have any cash balances that exceeded the insurable limits.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

**Investments**

Investments and other investments are stated at fair value (see Note 4).

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Beneficial Interest in Perpetual Trust**

The beneficial interest in perpetual trust includes the Foundation's respective share of the fair value of the total funds held in trust by others for which the Foundation is the recipient of a portion of the income. This perpetual trust is included in net assets with donor restrictions.

**Beneficial Interest in Remainder Trust**

The beneficial interest in remainder trust includes the Foundation's respective share of the fair value of the total funds held in trust by others for which the Foundation is the remainder beneficiary of a portion of the trust assets which will be distributed to the Foundation for its unrestricted use when the trust terminates. This remainder trust is included in net assets with donor restrictions.

**Property and Equipment**

Property and equipment purchases in excess of \$5,000 are capitalized and stated at cost. Major additions and improvements which prolong the life of the asset are capitalized. Depreciation is provided on the straight-line basis over estimated useful lives of seven years for furniture and fixtures, five years for office equipment, and three years for computers.

**Grants**

Program grant expense is recorded when approved by the board of directors, provided the grant is not subject to future conditions. Conditional grants are recognized when the conditions on which they depend are substantially met. Grants that are payable over future periods are recorded in the period the grant is first awarded when the recipient is subject only to routine performance requirements.

Grants awarded are evaluated using the decision tree in ASC 958-605-55-1A to determine the applicable accounting model. A decision tree is also used to determine whether grants are conditional or unconditional. Both barriers and rights of return/release, need to exist in order to designate a grant as conditional. Conditional grants are recognized when the conditions on which they depend are substantially met. There were no conditional grants as of June 30, 2025.

**Other Liabilities and Expenses in Connection with North Penn Hospital**

The Foundation continues to carry certain liabilities and related assets from the former hospital operations related to deferred compensation. In addition, certain expenses related to the former hospital operations are included in the nonoperating expenses of the statement of activities and changes in net assets.

**Expense Allocation**

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets and the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. See Note 13 for additional disclosure on functional expense allocation.

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The Foundation leases office space. The Foundation determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Foundation uses 3.82% based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminated the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**Comparative Financial Information**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosures through February 25, 2026, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY**

As of June 30, 2025, the following financial assets could be readily made available within one year of the statement of financial position date to meet general expenditures:

Cash and Cash Equivalents	\$ 137,706
Investments	38,818,738
Less: Illiquid Investments	<u>(3,427,657)</u>
Total	<u>\$ 35,528,787</u>

The Foundation regularly monitors its liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 2 LIQUIDITY (CONTINUED)**

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities. As part of its liquidity management, the Foundation has a goal to maintain financial assets on hand to meet three months' worth of normal operating expenses.

**NOTE 3 LONG-TERM INVESTMENTS**

A summary of investments at June 30, 2025 is as follows:

	Cost	Market
Mutual Funds	\$ 19,872,259	\$ 24,748,441
Partnerships/Joint Ventures/Collective Investments	12,296,510	14,020,572
Cash Equivalents	49,725	49,725
Total	<u>\$ 32,218,494</u>	<u>\$ 38,818,738</u>
Unrealized Appreciation:		
End of Year		\$ 6,600,244
Beginning of Year		<u>5,819,831</u>
Change in Unrealized Appreciation		780,413
Realized Net Gain for the Year		<u>1,715,001</u>
Net Realized and Unrealized Gain on Investments		2,495,414
Interest and Dividends, Net of Investment Fees		<u>963,637</u>
Total Return		<u>\$ 3,459,051</u>

The interest and dividend income of \$963,637 includes loan interest of \$261,156 from 2506, LLC (Note 7).

The Foundation employs a unanimously board-approved Investment Policy Statement (IPS), including an asset allocation, to guide the management of the investments. In August 2022, the board unanimously approved an amended and restated IPS that strengthened both the evaluation criteria of investment performance and the guidance for aligning the investments to the mission, vision, and values of the Foundation.

The Foundation contracts a third-party outsourced Chief Investment Officer (OCIO) to provide general consulting and private markets advisory services. The OCIO has discretion over investing. Among other things, the OCIO assumes decision-making authority to hire and terminate investment managers across public and private markets, to implement the Foundation's asset allocation directives, and to manage investment manager transitions.

The Foundation aims to prioritize portfolio liquidity whenever possible and will only invest in strategies without daily liquidity for compelling reasons. Currently, two of those reasons involve lower fees, and accessing risk mitigation strategies that are not available in vehicles that possess daily liquidity.

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 3 LONG-TERM INVESTMENTS (CONTINUED)**

The mutual funds possess daily liquidity and are SEC-regulated funds. These funds are priced at the end of each trading day.

The Partnerships/Joint Ventures/Collective Investments in the portfolio are comprised of commingled funds and hedge funds. The commingled funds are long-only investment funds which have lower fee structures than their mutual fund counterparts.

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

They are priced at minimum on a monthly basis and have daily, weekly, or monthly liquidity. Collective investments, while separately reported by the custodian, are commingled funds. The hedge funds are structured as limited partnerships. They are designed to mitigate equity risk within the portfolio. These funds are valued monthly and have monthly liquidity.

The Foundation utilized various methods to measure the fair value of its financial instruments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

*Level 1* – Unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

*Level 2* – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

*Level 3* – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Foundation's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The summary of inputs used to value the Foundation's financial statements as of June 30, 2025 is as follows:

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total
<b>INVESTMENTS</b>				
Mutual Funds	\$ 24,748,441	\$ -	\$ -	\$ 24,748,441
Total	<u>\$ 24,748,441</u>	<u>\$ -</u>	<u>\$ -</u>	24,748,441
* Investments Measured at Fair Value Using Net Asset Value per Share				14,020,572
Total Investments				<u>\$ 38,769,013</u>
<b>OTHER INVESTMENTS</b>				
Mutual Funds	<u>\$ -</u>	<u>\$ 354,689</u>	<u>\$ -</u>	<u>\$ 354,689</u>
Beneficial Interest in Remainder Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,234,754</u>	<u>\$ 1,234,754</u>
Beneficial Interest in Perpetual Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,382</u>	<u>\$ 213,382</u>

The Beneficial Interests in Perpetual Trust and Remainder Trust are measured at the estimated future cash flows which involve unobservable inputs. The significant unobservable inputs used in the fair value measurements are allocated based on the portion of the underlying assets. Significant changes in this input could result in a significant change to the fair value measurement. As a result, the present value technique is a Level 3 input.

The classification of other investments included in the table above is not meant to be indicative of the classification of investments in the underlying portfolios of these other investments into the fair value hierarchy. The classification is based upon the Foundation's classification of its investments in these other investments, where there is no public market for these securities and these investments are subject to various withdrawal restrictions. Although certain of these other investments may contain investments in publicly held securities (Level 1), there are no active market quotations for the investments which contain such publicly held securities.

The changes in investments measured at fair value for which the Foundation used Level 3 inputs to determine fair value are as follows:

	Beneficial Interest in Remainder Trust	Beneficial Interest in Perpetual Trust
Balances as of July 1, 2024	\$ 1,178,008	\$ 202,777
Realized and Unrealized Gains	56,746	10,605
Balances as of June 30, 2025	<u>\$ 1,234,754</u>	<u>\$ 213,382</u>

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 5 BENEFICIAL INTEREST IN REMAINDER TRUST**

The Foundation has a 1/8 remainder interest in a trust. The 1/8 interest in the Trust at the time of contribution was approximately \$1.5 million. The 1/8 interest in this Trust was reduced by 50% due to the income beneficiary's right to withdraw up to 50% of the Trust assets until the time of the beneficiary's death. The Foundation's proportionate share of the Trust assets at the date of the contribution was based on the present value of its remainder interest using the Trust's assumed rate of return (7.75%) net of the estimated distribution rate (3.5%) to the income beneficiary. Based on a discount rate of 4.25%, the contribution recorded in November 2012 was \$514,647 and classified as a net asset with donor restriction. At the date the Trust terminates, 1/8 of the Trust assets will be distributed to the Foundation for its use without donor restrictions.

As of June 30, 2025, the present value of the fair value of the Trust assets was \$1,234,754 and the change in the fair value for the year ended June 30, 2025 of \$56,746 is reflected as a change in beneficial interest in remainder trust in the statement of activities and changes in net assets.

**NOTE 6 NOTE RECEIVABLE**

In September 2023, the Foundation made a loan to a nonprofit organization in the amount of \$400,000 as a mission aligned program related investment. The note bears interest at the rate of 1% per annum. The agreement calls for quarterly interest payments of \$1,000 commencing in October, 2023, and continuing through the maturity date. The entire remaining principal balance and accrued, but unpaid, interest shall be due and payable on September 14, 2028.

**NOTE 7 PROPERTY AND EQUIPMENT**

The cost and accumulated depreciation at June 30, 2025 was as follows:

Furniture, Fixtures, and Equipment	\$ 511,313
Accumulated Depreciation	<u>(433,467)</u>
Total Property and Equipment	<u><u>\$ 77,846</u></u>

Depreciation expense for the year ended June 30, 2025 was \$43,041.

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 PROPERTY AND EQUIPMENT (CONTINUED)**

The Foundation owns real estate located in Hatfield Township for the purpose of constructing a nonprofit center that houses purely public health and human services agencies as well as the Foundation itself. A limited liability corporation (2506, LLC) controlled by the Foundation was established in July 2006 to construct, own, and operate the center. The construction of the center was completed in March 2008 and the cost of the land and construction of the center totaled approximately \$7.1 million. In December 2006, the Foundation transferred the deed and ownership of the land and any improvements to 2506, LLC in exchange for a note receivable. In addition, the Foundation financed certain construction costs related to the center. As of June 30, 2025, the Foundation has an outstanding note receivable from 2506, LLC of \$5,161,286 in conjunction primarily with the acquisition of the property and certain construction costs. The note receivable is payable on demand and accrues interest at the federal short-term interest rate which is reset on July 1 of each year in accordance with section 1274(d) of the IRC applicable short-term federal rate. The applicable interest was 5.06% for the year ended June 30, 2025. Interest on the note receivable of \$261,156 in 2025 was forgiven by the Foundation. The forgiveness of interest on related party debt is included in the nonoperating revenue (expenses) as contributions to related party in the statement of activities and changes in net assets.

In conjunction with the financing of this project, the Foundation and 2506, LLC entered into a construction loan and mortgage agreement in the amount of \$4.5 million with a bank.

On April 21, 2014, that obligation was refinanced with a \$3.8 million note payable based on a 25-year amortization schedule with interest at a tax-free floating rate of 30-day London Inter Bank Offered Rate (LIBOR) plus 100 basis points. The note was amended on June 28, 2023 to adjust the interest calculation to 65% of the Simple SOFR. In April 2024, the Foundation loaned 2506, LLC \$2,720,000 for the purpose of repaying this loan in full.

**NOTE 8 NET ASSETS**

Net assets with donor restrictions as of June 30, 2025 are as follows:

Beneficial Interest in Perpetual Trusts	\$ 213,382
Other Permanent Restrictions	264,175
Beneficial Interest in Remainder Trust - Time Restriction	<u>1,234,754</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,712,311</u>

**NOTE 9 CONTINGENCIES**

At times the Foundation may be subject to litigation or claims arising from the normal course of operations. As of February 25, 2026, the Foundation is not aware of any pending or threatening matters.

**HEALTHSPARK FOUNDATION  
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**NOTE 10 RETIREMENT PLAN**

The Foundation sponsors the HealthSpark Foundation 401(k) Profit Sharing Plan and Trust for its employees. Employees are eligible to participate in the plan after 90 days of employment if they are 21 years of age. Participating employees are immediately vested in the plan. The Foundation provides employee-matching contributions at an amount equal to 100% of the employee elected deferral that does not exceed 3% of employee compensation for the plan year plus 50% of employee elective deferrals that exceed 3% of compensation for the plan year but does not exceed 5% of the compensation for the plan year. In addition, eligible employees receive a 2% profit sharing contribution based on their compensation for the plan year. Employees must complete 500 hours of service during the plan year to be eligible for the profit-sharing contribution. For the year ended June 30, 2025, the Foundation contributed \$15,292 in matching contributions and \$8,871 in profit sharing contributions.

**NOTE 11 RELATED PARTY TRANSACTIONS**

The Foundation made contributions to 2506, LLC of \$347,860, for the year ended June 30, 2025 for salaries, the cost of common space, and loan interest. The Foundation also paid rent, including common area maintenance, to 2506, LLC in the amount of \$86,565 for the year ended June 30, 2025. On January 1, 2022, 2506, LLC began paying the Foundation a management fee. The Foundation received \$3,225 from 2506, LLC for the year ended June 30, 2025. In October 2024, management of 2506, LLC was transferred to another entity.

**NOTE 12 COMMITMENTS**

The Foundation leases its office space from 2506, LLC. The Foundation renewed its lease on November 30, 2022. The five-year lease began on February 1, 2023, and expires in 2028.

The following tables provide quantitative information concerning the Foundation's lease for the year ended June 30, 2025:

Operating Lease Cost	<u>\$ 63,723</u>
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 63,723
Weighted-Average Remaining Lease Term - Operating Leases	
	2.6 Years
Weighted-Average Remaining Discount Rate - Operating Leases	
	3.82%

**HEALTHSPARK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 COMMITMENTS (CONTINUED)**

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 63,723
2027	63,723
2028	<u>37,171</u>
Total	164,617
Less: Imputed Interest	<u>(7,600)</u>
Total Present Value of Lease Liabilities	<u><u>\$ 157,017</u></u>
Short-Term Lease Liabilities	<u>\$ 58,953</u>
Long-Term Lease Liabilities	<u><u>\$ 98,064</u></u>

**NOTE 13 FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributable to one or more areas of the Foundation. Those expenses include salaries and employee benefits, professional fees, occupancy and various other operational expenses. Salaries and benefits are allocated based on estimates of time and effort. Professional fees and all other operating expenses are allocated based on the estimated effect of the services and goods provided to program, administrative and fundraising.

The following table presents expenses by both their nature and function for the year ended June 30, 2025. Comparative totals are included for the year ended June 30, 2024.

**HEALTHSPARK FOUNDATION  
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**NOTE 13 FUNCTIONAL EXPENSES (CONTINUED)**

	2025			2024 Total
	Program	Management and General	Total	
Program Grants	\$ 1,198,250	\$ -	\$ 1,198,250	\$ 340,150
Program, Evaluation, and				
Communication Consulting	304,605	-	304,605	168,498
Salaries	303,340	144,116	447,456	421,179
Payroll Taxes/Employee Benefits	63,474	28,436	91,910	116,075
Professional Fees:				
Legal Fees	780	15,863	16,643	18,548
Audit	-	30,426	30,426	25,125
Accounting	-	24,031	24,031	699
Other Consulting	5,666	2,604	8,270	16,412
Occupancy	69,110	23,229	92,339	90,757
Telephone and Communications	10,729	7,982	18,711	69,045
Office Supplies and Software Maintenance	21,759	18,585	40,344	36,127
Insurance	6,612	3,097	9,709	9,511
Meeting and Travel Expenses	60,893	29,817	90,710	72,064
Dues and Subscriptions	17,590	33	17,623	22,668
Depreciation	30,559	12,482	43,041	44,604
Excise Tax	-	93,899	93,899	17,697
Miscellaneous	3,906	4,676	8,582	5,865
Total Operating Expenses	<u>\$ 2,097,273</u>	<u>\$ 439,276</u>	<u>\$ 2,536,549</u>	<u>\$ 1,475,024</u>
Contribution to Related Party	<u>\$ 347,860</u>	<u>\$ -</u>	<u>\$ 347,860</u>	<u>\$ 271,434</u>
Total Nonoperating Expenses	<u>\$ 347,860</u>	<u>\$ -</u>	<u>\$ 347,860</u>	<u>\$ 271,434</u>



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