A Bridge to the Future

DANVILLE REGIONAL FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended December 31, 2025 and 2024

DANVILLE REGIONAL FOUNDATION

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CBIZ CPAs P.C.

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Independent Auditors' Report

The Board of Directors of the
Danville Regional Foundation

Opinion

We have audited the consolidated financial statements of the Danville Regional Foundation and Subsidiaries (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as 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 for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

CBIZ CPAs P.C.

Washington, DC
August 27, 2026

DANVILLE REGIONAL FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 17,250,478	$ 11,179,822
Investments	278,562,804	266,401,059
Prepaid expenses and other assets	1,662,438	110,671
Note receivable	2,930,563	2,110,366
Intangible Asset, net of amortization of $438,912 and $146,304, respectively	1,463,039	1,755,647
Property and equipment, net of accumulated depreciation and amortization of $992,920 and $937,029, respectively	328,690	348,081
Total Assets	$ 302,198,012	$ 281,905,646
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 468,197	$ 671,100
Deferred revenue	132,816	109,194
Grants payable	13,301,439	11,958,210
Lease liability	353,622	405,455
Notes payable	--	377,128
Deferred federal excise tax	1,046,110	980,197
Total Liabilities	15,302,184	14,501,284
Net Assets		
Without donor restrictions	286,895,828	267,404,362
Total Net Assets	286,895,828	267,404,362
Total Liabilities and Net Assets	$ 302,198,012	$ 281,905,646

The accompanying notes are an integral part of these consolidated financial statements.

DANVILLE REGIONAL FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES

For The Years Ended December 31, 2025 and 2024

	2025	2024
Activities Without Donor Restrictions		
Revenue and Support		
Investment income, net of expenses	$ 36,367,755	$ 29,895,998
Contributions	--	5,051
Total Revenue and Support	36,367,755	29,901,049
Expenses		
Grantmaking and program related activities	15,452,909	8,518,194
Management and general	1,078,580	940,602
Total Expenses	16,531,489	9,458,796
Change in Net Assets		
Before Provision for Excise Taxes	19,836,266	20,442,253
Federal Excise Tax Provision		
Current	278,887	176,267
Deferred	65,913	192,312
Total Federal Excise Tax Provision	344,800	368,579
Change in Net Assets	19,491,466	20,073,674
Net Assets, Beginning of Year	267,404,362	247,330,688
Net Assets, End of Year	$ 286,895,828	$ 267,404,362

The accompanying notes are an integral part of these consolidated financial statements.

DANVILLE REGIONAL FOUNDATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For The Years Ended December 31, 2025 and 2024

	Year Ended December 31, 2025		
	Grantmaking and Program Related Activities	Management and General	Total
Grants:			
Responsive	$ 12,408,975	$ --	$ 12,408,975
Foundation initiated	922,972	--	922,972
Total grants	13,331,947	--	13,331,947
Salaries and benefits	901,682	634,403	1,536,085
Professional fees	430,972	56,272	487,244
Other	788,308	387,905	1,176,213
Total Expenses	$ 15,452,909	$ 1,078,580	$ 16,531,489

	Year Ended December 31, 2024		
	Grantmaking and Program Related Activities	Management and General	Total
Grants:			
Responsive	$ 4,666,615	$ --	$ 4,666,615
Foundation initiated	1,890,788	--	1,890,788
Total grants	6,557,403	--	6,557,403
Salaries and benefits	863,644	607,640	1,471,284
Professional fees	487,394	59,103	546,497
Other	609,753	273,859	883,612
Total Expenses	$ 8,518,194	$ 940,602	$ 9,458,796

The accompanying notes are an integral part of these consolidated financial statements.

DANVILLE REGIONAL FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 19,491,466	$ 20,073,674
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gains on investments	(13,475,893)	(10,839,477)
Unrealized gains on investments	(18,015,369)	(15,493,691)
Depreciation and amortization	348,499	207,944
Deferred federal excise tax expense	65,913	192,312
Changes in assets and liabilities:		
Prepaid expenses and other assets	(1,551,767)	72,812
Accounts payable and accrued expenses	(202,903)	48,297
Deferred revenue	23,622	(7,098)
Grants payable	1,343,229	(4,633,404)
Net Cash Used in Operating Activities	(11,973,203)	(10,378,631)
Cash Flows From Investing Activities		
Acquisition of investments	(106,909,553)	(96,390,048)
Proceeds on sales and investments	125,141,430	108,615,145
Acquisition of purchase right option	--	(1,901,951)
Acquisition of PPE	(36,500)	--
Collection of note receivable	637,304	--
Issuance of note receivable	(1,450,000)	(1,556,981)
Net Cash Provided by Investing Activities	17,382,681	8,766,165
Cash Flows From Financing Activities		
Payments on lease liability	(51,833)	(49,777)
Principal payments on notes payable	(377,128)	(53,112)
Net Cash Used in Financing Activities	(428,961)	(102,889)
Net Increase (Decrease) in Cash and Cash Equivalents	4,980,517	(1,715,355)
Cash and Cash Equivalents, Beginning of Year	13,690,490	15,405,845
Cash and Cash Equivalents, End of Year	$ 18,671,007	$ 13,690,490

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2025 and 2024

	2025	2024
Cash and Cash Equivalents Reported in the Consolidated Statements of Financial Position		
Cash and cash equivalents	$ 17,250,478	$ 11,179,822
Cash and cash equivalents held within investments	1,420,529	2,510,668
Total Cash and Cash Equivalents	$ 18,671,007	$ 13,690,490
Supplemental Cash Flow Information		
Actual cash payments for excise and income taxes	$ 200,000	$ 100,000
Actual cash payments for interest	$ 28,065	$ 36,837

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Danville Regional Foundation and Subsidiaries (collectively the "Foundation") seeks to develop, promote and support activities, programs and organizations that improve the health, welfare and education of the residents of the City of Danville, VA; Pittsylvania County, VA; and Caswell County, NC. The Foundation's activities are supported by an initial grant from the Danville Regional Health System which created the Foundation and the income from the Foundation's investment portfolio.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting and include the accounts of the Danville Regional Foundation ("DRF"), its wholly owned subsidiaries, Dan River Renaissance, LLC ("DRR") and DRF Timber, LLC ("DRF Timber") and various wholly owned, single member limited liability company subsidiaries of DRR. All material intercompany balances and transactions have been eliminated in consolidation.

DRF is a tax-exempt private foundation that was incorporated in July 2005 under the laws of the Commonwealth of Virginia.

DRR was incorporated as a limited liability company in January 2013 under the laws of the Commonwealth of Virginia. DRF is the sole member of DRR. DRR was created to acquire various real estate investments.

DRR owned twelve single member limited liability companies as of both December 31, 2025 and 2024. Each of these limited liability companies were incorporated under the laws of the Commonwealth of Virginia and were created to acquire certain real property in the City of Danville, VA.

DRF Timber was incorporated as a limited liability company in July 2018 under the laws of the Commonwealth of Virginia. DRF is the sole member of DRF Timber. DRF Timber was created for investment opportunity purposes. DRF Timber makes investments in, manages and develops forest properties located primarily in the southern United States. Regions Bank serves as the manager of DRF Timber.

CASH EQUIVALENTS

The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents, except for those held by external investment managers, which are classified as investments.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments include common stocks, equity mutual funds, corporate bonds, U.S. government obligations and cash equivalents considered to be part of the Foundation's investment portfolio. These investments and cash equivalents are recorded in the accompanying consolidated financial statements at their fair value as of December 31st.

Investments also include investment funds considered to be alternative investment funds, as such funds are not traded in an established market with published values. Additionally, access to participation in these funds is limited and at the fund's discretion and approval, and liquidation of the Foundation's interests may be subject to various restrictions imposed by the fund managers.

The alternative investment funds consist of a commingled real estate investment fund and feeder funds in master-feeder structures invested in equity related investments in private equity partnerships. These investments are recorded in the accompanying consolidated financial statements at their fair value, as provided by the investment managers. The Foundation has adopted the accounting guidance which permits, as a practical expedient, the fair value of certain alternative investments within its scope to be estimated using net asset value ("NAV") or its equivalent as reported by the investee.

Because of the inherent uncertainty of the valuation of each of the Foundation's alternative investment funds, the values used for these investments may differ significantly from the value that would have been used had a ready market for the investments existed.

The Foundation also owns timber and timberland holdings and real estate property acquired as an investment. Timber and timberland holdings are stated at fair value as determined by good faith estimates of management which use independent third-party appraisers as the basis.

Real estate property acquisitions are recorded as of the date of closing and the valuation adjusted annually based upon an independent appraisal conducted under the Uniform Standards of Professional Appraisal Practice.

Rental income from real estate investment properties is included in investment income, net of expenses, in the accompanying consolidated statements of activities. Amounts collected in advance for future lease periods are recorded as deferred revenue in the accompanying consolidated statements of financial position.

The change in unrealized appreciation or depreciation of investments is included in investment income, net of expenses in the accompanying consolidated statements of activities. Realized gains and losses on sales of investments are computed on an average cost method and are recorded on the trade date of the transaction and included in investment income, net of expenses in the accompanying consolidated statements of activities.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENT

In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Foundation has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.

Level 2

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. This classification is applied to investments of the Foundation for which there is no established trading market.

As of December 31, 2025 and 2024, the Foundation's only assets measured at fair value on a recurring basis were its investments, as described in Note 3 to these consolidated financial statements. Investment funds measured at net asset value (NAV) are excluded from the fair value hierarchy in accordance with the standards.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTE RECEIVABLE AND CREDIT POLICIES

Note receivable consists of the outstanding principal balance plus accrued interest and is recorded at net realizable value. At each consolidated statement of financial position date, the Foundation recognizes an allowance for expected credit losses, if any. In addition, also at the reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The estimate is calculated on a pooled basis where similar risk characteristics exist. The Foundation utilized the loss rate methodology to determine historical credit losses for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations as well as current and future economic conditions. Uncollectable receivables are written off when all efforts to collect these receivables have been exhausted and there is no possibility of recovery. Recoveries of receivables previously written off are recorded when received as an offset to credit loss expense in the year of recovery, in accordance with the Foundation's accounting policy election. No allowance for expected credit losses was recorded for the note receivable as of December 31, 2025 and 2024.

PROPERTY AND EQUIPMENT AND RELATED DEPRECIATION AND AMORTIZATION

Furniture and equipment are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets which range from three to seven years. Included in property and equipment is a right-of-use ("ROU") asset that the Foundation leases as outlined in Note 6 to these consolidated financial statements. The ROU asset is amortized over the lease term and leasehold improvements are amortized over the shorter of the remaining lease period or useful life of the improvements. Maintenance and repairs are charged to expense when incurred; major improvements are capitalized. Upon retirement or disposal of assets, the accounts are relieved of the cost and accumulated depreciation and amortization with any resulting gain or loss included in revenue or expense.

LEASES

The Foundation determines whether an arrangement contains a lease at inception. Finance lease ROU assets are included within property and equipment, and the related lease liabilities are included within lease liabilities in the accompanying consolidated statements of financial position. ROU assets represent the Foundation's right to use an underlying asset during the lease term, and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are initially recognized based on the present value of lease payments over the lease term.

Finance lease ROU assets are amortized over the shorter of the lease term or the useful life of the underlying asset, and interest expense on the related lease liability is recognized using the effective interest method. Amortization expense related to finance lease ROU assets and interest expense on finance lease liabilities are included in the Other expense category in the accompanying consolidated statements of functional expenses. The Foundation has elected not to recognize ROU assets and lease liabilities for short-term leases with original terms of 12 months or less and recognizes the related lease payments as expense on a straight-line basis over the lease term.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CLASSIFICATION OF NET ASSETS

Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Foundation's operations.

CONTRIBUTION REVENUE

Contributions without donor restrictions are reported as revenue in the year in which payments are received and/or unconditional promises are made.

GRANT EXPENSE

Grant awards are expensed in the year in which the grant commitment is made to the recipient organization, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense in the period in which the grantee substantially satisfies the conditions.

FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated statements of activities and consolidated statements of functional expenses report certain categories of expenses that are attributable to both programs and management and general functions. Certain expenses have been directly applied to functions based upon the nature of the expense. Other expenses require allocation on a reasonable basis that is consistently applied. These include salaries and benefits which have been allocated on the basis of time and effort. Most other expenses have been allocated based on an allocation ratio derived from the salaries and benefits allocation.

ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As of December 31, 2025, and 2024, financial assets and liquidity resources available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the consolidated statement of financial position date, were as follows:

	2025	2024
Cash and cash equivalents	$ 17,250,478	$ 11,179,822
Investments available to be liquidated	239,947,727	221,216,543
Note receivable due within one year	2,730,563	624,804
Total Financial Assets and Liquidity Resources Available Within One Year	$ 259,928,768	$ 233,021,169

The Foundation regularly monitors its liquidity requirements to meet its annual operating needs, including grant commitments, while also striving to preserve the principal and return on its investment funds.

None of the Foundation’s notes payable include loan covenants. While there are outstanding capital commitments for several of the Foundation’s alternative investments, these commitments are due when called by the fund managers. The Foundation considers these obligations to be part of its general operating expenditures, to be funded by its financial assets and liquidity resources available within one year.

NOTE 3 - INVESTMENTS

The following table summarizes the Foundation's investments at fair value as of December 31, 2025:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 1,420,529	$ 1,420,529	$ --	$ --
Common stock:				
Industrials	9,914,073	9,914,073	--	--
Consumer discretionary	10,098,029	10,098,029	--	--
Information technology	15,315,943	15,315,943	--	--
Financials	9,335,221	9,335,221	--	--
Health care	6,499,924	6,499,924	--	--
Telecommunication services	2,730,013	2,730,013	--	--
Materials	2,557,794	2,557,794	--	--
Consumer staples	1,579,395	1,579,395	--	--
Energy	1,601,641	1,601,641	--	--
Utilities	1,155,687	1,155,687	--	--
Total common stock	60,787,720	60,787,720	--	--
Equity mutual funds	120,503,094	120,503,094	--	--
Corporate bonds	8,635,583	--	8,635,583	--
U.S. government obligations	33,791,744	--	33,791,744	--
Timber and timberland holdings	24,500,000	--	--	24,500,000
Real estate investment properties	10,563,000	--	--	10,563,000
Total	260,201,670	$ 182,711,343	$ 42,427,327	$ 35,063,000
Commingled real estate fund	$ 11,878,494			
Feeder funds (private equity investment funds)	6,482,640			
Total Investments	$ 278,562,804			

NOTE 3 – INVESTMENTS (CONTINUED)

The following table summarizes the Foundation's investments at fair value as of December 31, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 2,510,668	$ 2,510,668	$ --	$ --
Common stock:				
Industrials	12,338,491	12,338,491	--	--
Consumer discretionary	11,415,139	11,415,139	--	--
Information technology	11,240,734	11,240,734	--	--
Financials	9,809,989	9,809,989	--	--
Health care	6,012,046	6,012,046	--	--
Telecommunication services	2,862,944	2,862,944	--	--
Materials	2,719,361	2,719,361	--	--
Consumer staples	2,349,067	2,349,067	--	--
Energy	1,718,555	1,718,555	--	--
Utilities	1,325,256	1,325,256	--	--
Real Estate	288,450	288,450	--	--
Total common stock	62,080,032	62,080,032	--	--
Equity mutual funds	110,419,216	110,419,216	--	--
Corporate bonds	18,665,056	--	18,665,056	--
U.S. government obligations	15,843,858	--	15,843,858	--
Timber and timberland holdings	25,300,000	--	--	25,300,000
Real estate investment properties	11,970,144	--	--	11,970,144
Total	246,788,974	$ 175,009,916	$ 34,508,914	$ 37,270,144
Commingled real estate fund	$ 12,057,713			
Feeder funds (private equity investment funds)	7,554,372			
Total Investments	$ 266,401,059			

NOTE 3 – INVESTMENTS (CONTINUED)

Investments are categorized based on the inputs to the valuation techniques as follows:

Cash equivalents – Classified as "level 1" based upon the availability of quotes for identical assets.

Common stock and mutual funds – Classified as "level 1" as values are based upon quoted prices in an active market.

Corporate bonds and U.S. government obligations – Classified as "level 2" as values are based upon quoted prices of securities with similar characteristics, estimates using pricing models, or discounted cash flows.

Timber and timberland holdings – Classified as "level 3" as values are based upon independent appraisals.

Real estate investment properties – Classified as "level 3" as values are based upon independent appraisals conducted under the Uniform Standards of Professional Appraisal Practice as of December 31st.

The commingled real estate fund and feeder funds are measured at NAV as a practical expedient and have not been classified within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The following table represents a roll forward of the fair value measurements as of December 31, 2025 and 2024 using significant unobservable inputs (Level 3):

Balance, December 31, 2023	$ 34,597,912
Purchases	760,549
Realized gains	290,583
Unrealized gains	2,298,908
Sales	(677,808)
Transfers in/out of level 3	--
Balance, December 31, 2024	37,270,144
Purchases	88,770
Realized loss	(80,900)
Unrealized loss	(180,635)
Sales	(2,034,379)
Transfers in/out of level 3	--
Balance, December 31, 2025	$ 35,063,000

NOTE 3 – INVESTMENTS (CONTINUED)

All unrealized gains/losses shown in the preceding table are included in investment income, net of expenses in the accompanying consolidated statements of activities for the years ended December 31, 2025 and 2024.

The following details the Foundation's ability to redeem investment funds valued at NAV, or its equivalent, as of December 31, 2025 and includes any unfunded commitments of the Foundation to these funds as of December 31, 2025:

2025				
	Fair Value	Number of Funds	Unfunded Commitments	Redemption Restrictions
Commingled real estate fund	$ 11,878,494	1	None	All shareholders have the right to request a redemption of shares on a quarterly basis which will be processed for payment at the end of the next calendar quarter.
Feeder funds	6,482,640	3	$1,858,746 outstanding. Such capital commitments are due when called by the fund manager.	Investors are not able to redeem their interests until the end of the limited partnership terms which are as follows: October 26, 2026 ($889,815); and January 21, 2029 ($5,569,655). The terms for each may be extended by the General Partner of the fund for two successive one year terms. An additional fund ($23,170) is in dissolution.
Total	$ 18,361,134	4	$ 1,858,746	

NOTE 3 – INVESTMENTS (CONTINUED)

The following details the Foundation's ability to redeem investment funds valued at NAV, or its equivalent, as of December 31, 2024 and includes any unfunded commitments of the Foundation to these funds as of December 31, 2024:

2024				
	Fair Value	Number of Funds	Unfunded Commitments	Redemption Restrictions
Commingled real estate fund	$ 12,057,713	1	None	All shareholders have the right to request a redemption of shares on a quarterly basis which will be processed for payment at the end of the next calendar quarter.
Feeder funds	7,544,372	4	$2,431,476 outstanding. Such capital commitments are due when called by the fund manager.	Investors are not able to redeem their interests until the end of the limited partnership terms which are as follows: December 12, 2025 ($53,450); October 26, 2026 ($1,031,638); and January 21, 2029 ($6,462,580). The terms for each may be extended by the General Partner of the fund for two successive one year terms. A fourth fund ($6,704) is in dissolution.
Total	$ 19,602,085	5	$ 2,431,476	

Additional redemption restrictions may be exercised at the discretion of the fund managers and are dependent upon available cash of the funds as well as considerations of the fund managers including the protection of the interests of other investors in the funds.

NOTE 3 – INVESTMENTS (CONTINUED)

The commingled real estate investment fund consists of real estate investments which are recorded at their estimated fair value, determined in accordance with the policies and procedures of the Appraisal Standards Board and the Appraisal Foundation. Investment values are determined quarterly from limited restricted appraisals, in accordance with the Uniform Standards of Professional Appraisal Practice. Full appraisal reports are prepared on a rotating basis for all properties held by the fund so each property receives a full appraisal report at least once every three years. Ultimate realization of the fair values is dependent upon economic and other conditions in the markets in which individual properties are located. Given the inherent uncertainty of real estate valuations related to assumptions regarding capitalization rates, discount rates, leasing and other factors, the estimated market values provided by the Foundation's investment manager may differ from values that would be determined by negotiation between independent parties in sales transactions, and the difference could be material.

The feeder funds include three foreign funds and one domestic fund as of December 31, 2025 and 2024. These funds include equity and equity related investments in private equity partnerships acquired through secondary market transactions. These private equity partnerships include investments in public and private companies and may include venture capital, buyout, mezzanine capital (subordinated debt or preferred equity instruments), early stage companies and companies in distress or trading at distressed levels and likely to restructure, reorganize or liquidate.

Investment returns are summarized as follows:

	2025	2024
Interest, dividends and other investment returns	$ 6,536,564	$ 5,179,068
Realized gains	13,475,893	10,839,477
Unrealized gains	18,015,369	15,493,691
Total investment returns	38,027,826	31,512,236
Lease income – from real estate investment properties	357,475	334,823
Subtotal	38,385,301	31,847,059
Investment management, advisory and consulting fees	(1,326,165)	(1,301,072)
Other costs related to the real estate investment properties and DRF Timber	(691,381)	(649,989)
Investment Income, Net of Expenses	**$ 36,367,755**	**$ 29,895,998**

NOTE 3 – INVESTMENTS (CONTINUED)

Included in investment management, advisory and consulting fees are the fees of funds in which the Foundation is invested which separately report such fees. Certain of the funds in which the Foundation is invested do not report their management fees.

While the Foundation has not purchased its real estate investment properties with the intent to lease these properties, certain of the properties have tenants in a portion of the space. As of December 31, 2025, the leases for five tenants have a remaining stated term in excess of one year. Each of these leases contain a fixed escalation clause for increases in the annual minimum rent. These fixed escalations are not considered significant to the consolidated financial statements, and lease income under these leases is therefore recognized based upon the actual receipts each year.

As of December 31, 2025, total future minimum lease rentals to be received are as follows:

For the Year Ending December 31,	Amount
2026	$ 155,406
2027	56,747
2028	51,894
2029	43,713
2030	6,247
Total	$ 314,007

NOTE 4 - NOTE RECEIVABLE

On November 15, 2023, DRR entered into a note receivable agreement with an unrelated Virginia LLC. The initial principal balance was $545,000. The note bears interest at a fixed rate of 12.00% per annum. Interest accrues monthly. No payments of principal or interest are required prior to the maturity date, which is the earlier of the closing of a real estate transaction or November 15, 2024. As a condition for making the loan, DRR required the loan to be guaranteed in full by an individual through an unconditional and continuing guarantee agreement which was also signed on November 15, 2023. As of December 31, 2024, the outstanding balance of the note receivable, including accrued interest, totaled $624,804. During the year ended December 31, 2025, the note was collected in full, and therefore no balance remained outstanding as of December 31, 2025.

NOTE 4 - NOTE RECEIVABLE (CONTINUED)

On December 16, 2024, DRR entered into a note receivable agreement with Kelly Real Estate, LLC. The initial principal balance was $1,500,000. The note bears interest at a fixed rate of 16.00% per annum. Interest accrues quarterly. No payments of principal or interest are required prior to the maturity date, which is the earlier of the closing of a real estate transaction or December 15, 2026. As a condition for making the loan, DRR required the loan to be guaranteed in full by an individual through an unconditional and continuing guarantee agreement which was also signed on December 16, 2024. As of December 31, 2025 and 2024, the unpaid note receivable balance, consisting of the initial principal and accrued interest, totaled $1,493,063 and $1,485,562, respectively.

On January 2, 2025, RB Heights LLC, a single member limited liability company wholly owned by DRR, entered into a note receivable agreement with Sixty Eighty, LLC. The initial principal balance was $200,000. The note bears interest at a fixed rate of 9.00% per annum. Interest accrues monthly. No payments of principal or interest are required prior to the maturity date, which is the earlier of the closing of a real estate transaction or January 1, 2028. As a condition for making the loan, DRR required the loan to be guaranteed in full by an individual through an unconditional and continuing guarantee agreement which was also signed on January 2, 2025. As of December 31, 2025, the unpaid note receivable balance, consisting of the initial principal and accrued interest, totaled $200,000.

On February 14, 2025, DRR entered into a note receivable agreement with Melbourne Lansing Group, LLC. The initial principal balance was $1,250,000. The note bears interest at a fixed rate of 15.00% per annum. Interest accrues quarterly. No payments of principal or interest are required prior to the maturity date, which is the earlier of the closing of a real estate transaction or August 14, 2026. As a condition for making the loan, DRR required the loan to be guaranteed in full by an individual through an unconditional and continuing guarantee agreement which was also signed on February 14, 2025. As of December 31, 2025, the unpaid note receivable balance, consisting of the initial principal and accrued interest, totaled $1,237,500.

NOTE 5 - GRANTS PAYABLE

The Foundation awards grants to various nonprofit organizations. As of December 31, 2025, and 2024, the Foundation had unconditionally promised to give $13,301,439 and $11,958,210, respectively, in grants which are due to be paid as follows:

	2025	2024
Less than one year	$ 4,821,289	$ 8,665,378
One to five years	8,480,150	3,292,832
Total	$ 13,301,439	$ 11,958,210

NOTE 5 - GRANTS PAYABLE (CONTINUED)

The present value factor of grants payable due in one to five years was not considered significant to the Foundation's consolidated financial statements and, accordingly, not recognized in these consolidated financial statements.

Grant Award Commitments
As of December 31, 2025, and 2024, the Foundation had conditionally promised future grant awards totaling $1,955,724 and $4,939,438, respectively, to various organizations. As the amount of the liability for these grant awards is contingent upon the grantees meeting certain requirements, these amounts have not been reflected as a liability as of December 31, 2025 and 2024 in the accompanying consolidated financial statements.

NOTE 6 - COMMITMENTS, RISKS AND CONTINGENCIES

Concentration of Credit Risk
The Foundation maintains its cash and cash equivalents in bank deposit accounts and money market funds. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant financial risk on its cash and cash equivalents.

Office Space
In January 2011, the Foundation, in partnership with Averett University of Danville ("Averett"), a third party unrelated to the Foundation, entered into a finance lease agreement for a building in Danville, VA, which the Foundation uses for its office space.

The lease became effective January 1, 2011 and has an initial ten-year term with an option to renew for an additional ten years, which the Foundation has exercised. The lease also provides the Foundation or Averett the right to purchase the property at any time for the remaining unpaid balance of the lessor's loan covering the building. If either or both the Foundation and Averett remain tenants for the full twenty-year possible term of the lease and the lessor's loan is fully paid, either the Foundation, Averett, or both, will have the right to purchase the property for $10. In June 2024, the Foundation and Averett entered into an agreement whereby Averett transferred its purchase rights under the lease to the Foundation in exchange for a fee of $1,901,951. The cost to acquire the right to purchase the property, less accumulated amortization of $438,912 and $146,304 as of December 31, 2025 and 2024, is recorded as an intangible asset on the accompanying consolidated statements of financial position and is being amortized over the remaining lease term.

NOTE 6 - COMMITMENTS, RISKS AND CONTINGENCIES (CONTINUED)

The lease originally provided for a base annual rent of $222,000 of which the Foundation was responsible for $73,260. The base annual rent may be adjusted at the beginning of the sixth year of the lease to reflect changes in the interest rate charged by the lessor's lender. Additionally, the Foundation and Averett may mutually revise the allocation of the base rent amongst themselves at any time. The lease gives the Foundation and Averett the right to lease portions of the building to other tenants. Any income generated from such future tenants will be applied to the base rent owed by the Foundation and Averett.

In the first quarter of 2018, the Foundation received notice that the interest rate charged by the lessor's lender had been lowered, resulting in a reduction in the base annual rent, retroactive to the first quarter of 2017, to $204,000, of which the Foundation is responsible for $67,320.

The total building cost was approximately $2.7 million. Pursuant to the terms of the finance lease, the Foundation recorded a finance lease right-of-use asset representing its interest in the building at an original cost of approximately $891,000. The asset had accumulated amortization of $627,413 and $582,863 as of December 31, 2025 and 2024, respectively, and is presented within property and equipment in the accompanying consolidated statements of financial position. Amortization expense related to the finance lease asset totaled $44,550 for each of the years ended December 31, 2025 and 2024. The lease liability was initially measured using the rate implicit in the lease, which corresponded to the interest rate on the lessor's underlying loan financing the building. This rate was 5.4% at lease inception and was modified to 4.1% effective March 2017. Interest expense recognized on the finance lease liability totaled $15,486 and $17,543 for the years ended December 31, 2025 and 2024, respectively.

As of December 31, 2025, scheduled future lease payments under the Foundation's finance lease are as follows:

For the Year Ending December 31,	Amount
2026	$ 67,320
2027	67,320
2028	67,320
2029	67,320
2030	67,320
Thereafter	61,736
Total	398,336
Less: Amounts representing interest	(44,714)
Total Lease Liability	$ 353,622

NOTE 7 - NOTES PAYABLE

In July, 2015, the Foundation obtained a $510,000 loan from a third party. The note has a ten-year term which commenced July 31, 2015. Interest accrues at an annual rate of 3.5% in the first year and 5.0% thereafter. Payments of interest and principal are due monthly in the amount of $2,958 for the first twelve months and $3,247 thereafter. The note matures August 1, 2025 with a balloon principal payment in the amount of $331,074 due at that time. As of December 31, 2024, the outstanding balance of the loan was $343,934. During the year ended December 31, 2025, the note payable was repaid in full.

In September, 2015, the Foundation obtained a $280,000 loan from a third party. The note has a ten-year term which commenced September 25, 2015. Interest accrues at an annual rate of 4.0%. Payments of interest and principal equal to $34,521 are due annually. The note matures on September 25, 2025. As of December 31, 2024, the outstanding balance of the loan was $33,194. During the year ended December 31, 2025, the note payable was repaid in full.

NOTE 8 – RELATED PARTY TRANSACTION

During the year ended December 31, 2025, the Foundation made a grant of $6,258,711 to a not-for-profit organization with which the Foundation shares a common board member. As of December 31, 2025, the entire grant remained unpaid and is reflected in grants payable in the accompanying consolidated statement of financial position. The outstanding balance represented approximately 47% of the Foundation's total grants payable at December 31, 2025. The grant was made for program purposes aligned with the Foundation's mission and was approved in accordance with the Foundation's established grantmaking and conflict of interest policies.

NOTE 9 - RETIREMENT PLAN

The Foundation offers a defined contribution plan under Section 403(b) of the Internal Revenue Code ("IRC"). Under the 403(b) plan, employees may elect to contribute up to the federal tax limitation. The plan provides for a 3% safe harbor employer contribution as well as matching contributions and other discretionary employer contributions. Eligible employees are immediately 100% vested in any employer contribution. Retirement plan expense for the years ended December 31, 2025 and 2024 was $103,218 and $99,970, respectively, and is included in salaries and benefits in the accompanying consolidated statements of functional expenses.

NOTE 10 - INCOME AND EXCISE TAXES

DRF is exempt from federal income taxes other than on net unrelated business income under IRC Section 501(c)(3) and has been classified as a private foundation under Section 509(a) of the IRC. As a private foundation, the Foundation is subject to excise tax on its net investment income, which excludes unrealized gains and losses. The Foundation generates unrelated business income from rental income on certain of its real estate investment properties.

DRF Timber, DRR and each of DRR's wholly owned single member limited liability companies are all treated as disregarded entities for tax reporting purposes and accordingly, the activities of each of these entities are included in DRF's tax return.

The applicable excise tax rate for the years ended December 31, 2025 and 2024 for private foundations was 1.39%.

As of December 31, 2025, there was no current excise tax payable. As of December 31, 2024, the Foundation had a current excise tax payable of $26,446, which is included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date.

As of December 31, 2025 and 2024, the Foundation calculated its deferred tax liability using the excise tax rate of 1.39% in effect for 2025 and 2024. The deferred excise tax liability of $1,046,110 and $980,197 as of December 31, 2025 and 2024, respectively, represents the federal excise tax on the net unrealized appreciation on investments.

The Foundation reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertainty in income tax. For the years ended December 31, 2025 and 2024, the Foundation had no significant unrelated business income and management did not identify any uncertainty in income tax requiring recognition or disclosure in these consolidated financial statements.

The Foundation's tax returns are subject to possible examination by the taxing authorities. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

NOTE 11 - SUBSEQUENT EVENTS

The Foundation's management has evaluated subsequent events through August 27, 2026, the date the consolidated financial statements were available to be issued. Other than the real estate transaction identified below, there were no other events identified that require recognition or disclosure in the consolidated financial statements.

On January 26, 2026, the Foundation entered into an agreement to acquire certain real property and related assets located in Danville, Virginia from Averett for a total purchase price of $18,150,000. The transaction structure includes a payment of $6,750,000 at closing (less $1,500,000 advanced to Averett prior to December 31, 2025 and included in prepaid expenses and other assets in the accompanying consolidated statement of financial position), with additional payments due on or before July 1, 2026 and July 1, 2027. The deferred payments are evidenced by a $11,400,000 promissory note secured by the property.

In connection with the acquisition, the Foundation entered into a long-term lease agreement with Averett, whereby the property will be leased back to the seller. Under the terms of the lease, Averett is responsible for substantially all costs associated with the property, including maintenance, insurance, and other operating expenses. Additionally, Averett has the ability to repurchase the property from the Foundation at any time for the lesser of $18,150,000 or the cumulative amounts paid to date by the Foundation under the purchase agreement.